Advancing with you

MS&AD

INSURANCE GROUP

Fiscal 2012 First Information Meeting

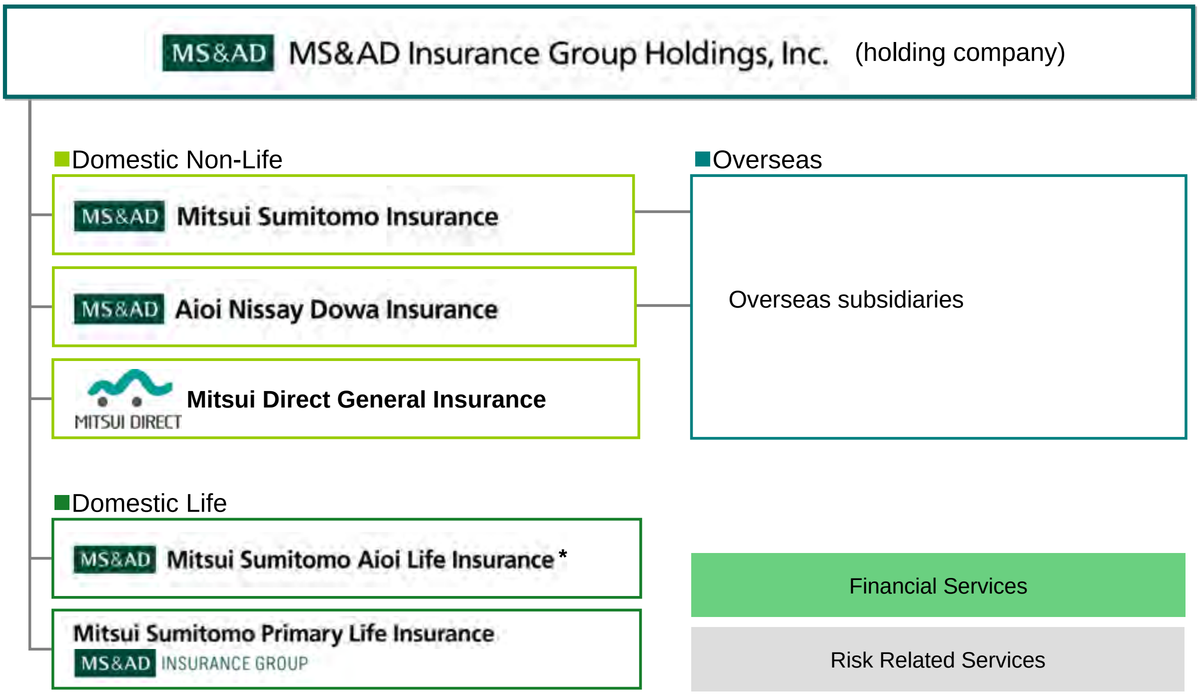
June 1, 2012

MS&AD Insurance Group Holdings, Inc.

MS&AD Insurance Group Holdings, Inc.

Contents

MS&AD Group Overview



MS&AD Insurance Group Holdings, Inc. (holding company)

■Domestic Non-Life

Mitsui Sumitomo Insurance

Aioi Nissay Dowa Insurance

MITSUI DIRECT Mitsui Direct General Insurance

■Overseas

Overseas subsidiaries

■Domestic Life

Mitsui Sumitomo Aioi Life Insurance *

Mitsui Sumitomo Primary Life Insurance
MS&AD INSURANCE GROUP

Financial Services

Risk Related Services

* In October 2011, MSI Kirameki Life and Aioi Life have merged 100% and renamed it Mitsui Sumitomo Aioi Life Co., Ltd.

Abbreviations of company names used in this presentation.

• MS&AD Holdings	MS&AD Insurance Group Holdings, Inc.
• MS&AD	MS&AD Insurance Group
• MSIG	Mitsui Sumitomo Insurance Group Holdings, Inc.
• MSI	Mitsui Sumitomo Insurance Co., Ltd.
• Aioi	Aioi Insurance Co., Ltd.
• NDI	Nissay Dowa General Insurance Co., Ltd.
• ADI	Aioi Nissay Dowa Insurance Co., Ltd.
• Mitsui Direct General	Mitsui Direct General Insurance Co., Ltd.
• MSI Kirameki Life	Mitsui Sumitomo Kirameki Life Insurance Co., Ltd.
• Aioi Life	Aioi Life Insurance Co., Ltd.
• MSI Aioi Life	Mitsui Sumitomo Aioi Life Insurance Co., Ltd.
• MSI MetLife	Mitsui Sumitomo MetLife Insurance Co., Ltd.
• MSI Primary Life	Mitsui Sumitomo Primary Life Insurance Co., Ltd.

Caution About Forward-looking Statements

This presentation contains statements about future plans, strategies, and earnings forecasts for MS&AD Insurance Group Holdings and MS&AD Group companies that constitute forward-looking statements. These statements are based on information currently available to the MS&AD Group. Investors are advised that actual results may differ substantially from those expressed or implied by forward-looking statements for various reasons. Actual performance could be adversely affected by (1) economic trends surrounding our business, (2) fierce competition in the insurance sector, (3) exchange-rate fluctuations, and (4) changes in tax and other regulatory systems.

Summary of FY2011 Financial Results (MS&AD Holdings, Consolidated)

－Achieve growth in net premiums written.
－Substantial loss in net income caused by loss related to flooding in Thailand and impact of corporate tax rate cut, etc.

Key Financial Data

(¥bn)

	FY2010	FY2011		
			Change	Growth
Net premiums written	2,541.4	2,558.8	17.4	0.7%
Ordinary profit/loss	21.0	-96.2	-117.2	—
Net income	5.4	-169.4	-174.8	—

* Note: Net premiums written exclude Good Result Return premiums of the “ModoRich” auto insurance product, which contains a special clause related to premium adjustment and refund at maturity.

Breakdown of Net Premiums Written

(¥bn)

	FY2010	FY2011		
			Change	Growth
Mitsui Sumitomo Insurance (Non-consolidated)	1,230.5	1,269.2	38.7	3.1%
Aioi Nissay Dowa Insurance (Non-consolidated)	1,097.3	1,074.6	-22.7	-2.1%
Mitsui Direct General Insurance	33.1	34.3	1.2	3.7%
Overseas subsidiaries	180.6	180.7	0.1	0.1%

* Prior to consolidation adjustments

* Figures for past fiscal years of merging companies are simple aggregate of the non-consolidated results for each companies; same hereafter.

Breakdown of Net Income

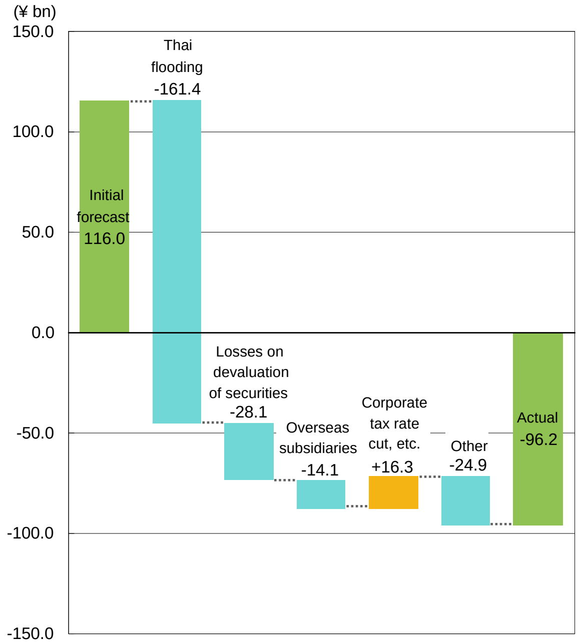
(¥bn)

	FY2010	FY2011	
			Change
Mitsui Sumitomo Insurance (Non-consolidated)	22.8	-130.6	-153.4
Aioi Nissay Dowa Insurance (Non-consolidated)	-11.4	-43.5	-32.1
Mitsui Direct General Insurance	0.2	0.3	0.1
MSI Aioi Life	-7.1	-11.3	-4.2
MSI Primary Life	9.3	5.9	-3.3
Overseas subsidiaries	4.5	-6.7	-11.2
Others	-0.0	-0.0	0.0
Consolidation adjustments, etc..	-12.9	16.5	29.4

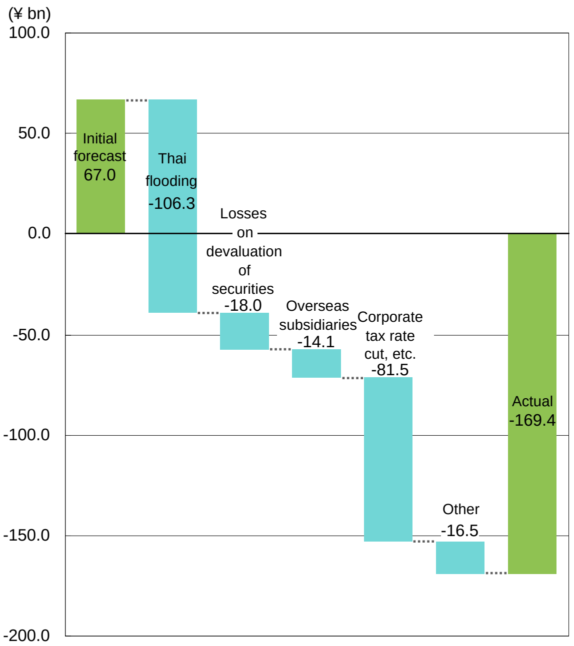
* Net income of subsidiaries is on an equity stake basis.

Summary of FY2011 Financial Results: Major Factors Differing from Projection

Consolidated Ordinary Profit/Loss for FY2011



Consolidated Net Income/Loss for FY2011



*1 Initial forecast: released on May 19, 2011

*2 Thai flooding: imapct after a reversal of catastrophe reserves associated with the payment of insurance claims (the result including a related foreign exchange gain)

*3 Overseas subsidiaries: excluding the effect of the Thai flooding

*4 Corporate tax rate cut, etc.: including an increase in the valuation reserves for deferred tax assets associated with losses on the devaluation of securities

Summary of FY2011 Financial Results: Impact of Major Natural Disasters

Flooding in Thailand

(¥bn)

	Incurred Loss			Claim Payments during FY2011			Impact on Ordinary Profit		
	Forecast*	Results	Chg.	Forecast*	Results	Chg.	Forecast*	Results	Chg.
MSI	194.0	234.2	＋40.2	97.0	91.4	-5.5	-97.0	-130.5	-33.5
ADI	34.5	30.0	- 4.5	17.0	8.3	-8.6	-19.5	-21.7	-2.2
Overseas Subsidiaries	7.5	9.2	＋1.7				-7.5	-9.2	-1.7
Total	236.0	273.5	＋37.4	114.0	99.8	-14.1	-124.0	-161.4	-37.4

* Published on February 13, 2012

Natural disasters in Japan (Excluding the Great East Japan Earthquake)

(¥bn)

	FY2011 Incurred Loss		
		Claims Payments	Inclease OS claims
MSI	32.9	28.9	3.9
ADI	22.0	20.2	1.7
Total	54.9	49.2	5.7

(Reference) Flooding in Thailand: Factors Resulting in Change from Forecast of Incurred Loss

(¥bn)

Factor	Difference
Impact of currency exchange	+13.0
Increase in policies with other companies as leader (including reins.business)	+5.0
Loss Increase / Machinery + Buildings	+14.0
Loss Increase / Business Interruption	+4.0
Loss Increase / Others	+1.0
Total	+37.4

Great East Japan Earthquake (Excluding residential earthquake insurance)

(¥bn)

	Provision for outstanding claims at end FY2010	FY2011 Incurred Loss	Claims Payments	Increase in provision for outstanding claims	Provision for outstanding claims at end FY2011
MSI	43.1	-5.8	27.7	-33.6	9.4
ADI	19.4	-1.9	15.8	-17.7	1.7
MSI Aioi Life	1.9	-0.6	1.3	-1.9	0.0
Total	64.5	-8.4	44.8	-53.3	11.2

Projected Financial Results for FY2012 (MS&AD Holdings, Consolidated)

Key Financial Data

(¥bn)

	FY2011	FY2012 (Forecast)		
			Change	Growth
Net premiums written	2,558.8	2,630.0	71.1	2.8%
Ordinary Profit	-96.2	125.0	221.2	—
Net Income	-169.4	80.0	249.4	—

Breakdown of Net Premiums Written

(¥bn)

	FY2011	FY2012 (Forecast)		
			Change	Growth
Mitsui Sumitomo Insurance (Non-consolidated)	1,269.2	1,290.0	20.7	1.6%
Aioi Nissay Dowa Insurance (Non-consolidated)	1,074.6	1,110.0	35.3	3.3%
Mitsui Direct General Insurance	34.3	35.0	0.7	2.0%
Overseas subsidiaries	180.7	194.2	13.4	7.4%
Others	0.0	0.8	0.7	—

* Prior to consolidation adjustments.

Breakdown of Net Income

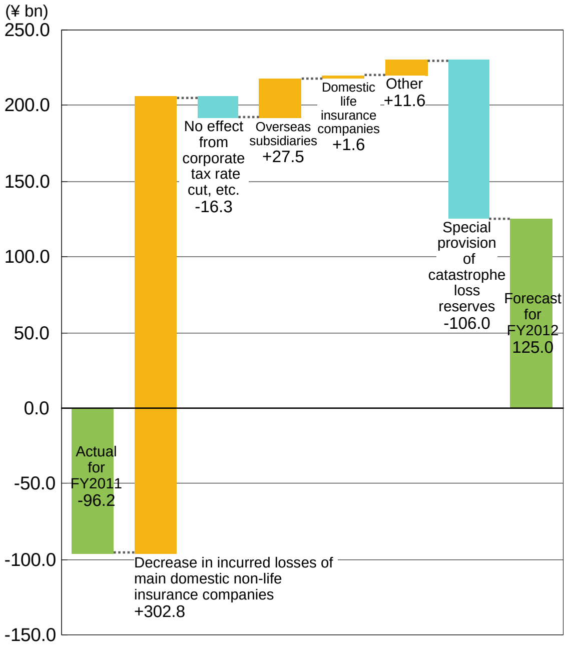
(¥bn)

	FY2011	FY2012 (Forecast)	
			Change
Mitsui Sumitomo Insurance (Non-consolidated)	-130.6	47.0	177.6
Aioi Nissay Dowa Insurance (Non-consolidated)	-43.5	29.0	72.5
Mitsui Direct General Insurance	0.3	0.3	-0.0
MSI Aioi Life	-11.3	1.0	12.3
MSI Primary Life	5.9	5.9	-0.0
Overseas subsidianries	-6.7	20.4	27.1
Others	-0.0	0.2	0.2
Consolidation adjustment, etc.	16.5	-23.8	-40.3

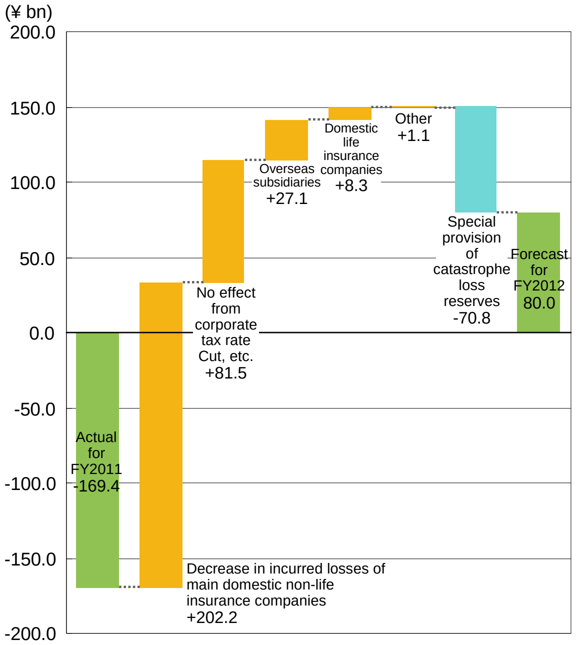
* Net income of subsidiaries is on an equity stake basis.

Projected Financial Results for FY2012: Comparison with Results for FY2011

Projected Ordinary Profit for FY2012



Projected Net Income for FY2012



*1 Incurred losses of main domestic non-life insurance companies: excluding residential earthquake insurance and compulsory automobile liability insurance
*2 Overseas subsidiaries: including overseas life insurance subsidiaries
*3 Domestic life insurance: excluding impact of the corporate tax rate cut, etc.

MS&AD Insurance Group / Group Strategies

Medium-Term Management Plan: Revision of Numerical Targets

MS&AD Insurance Group has revised the Numerical targets for FY2013, factoring in the effect of natural disasters and changes in the external environment.

(¥bn)

	Stage 1		Stage 2		Reference
	FY2010 result	FY2011 result	FY2012 forecast	Revised FY2013 target (target before revision)	FY2015 projection [3]
Net premiums written (non-life)	2,541.4	2,558.8	2,630.0	2,700.0 (2,700.0)	
Annualized premium in force (life)[1]	279.0	296.0	320.0	330.0 (330.0)	
"Group Core Profit" [2]	14.5	-87.5	80.0	110.0 (150.0)	Approx. 160.0
Domestic non-life insurance business	6.5	19.7	56.0	60.0 (100.0)	
Domestic life insurance business	4.1	4.3	6.0	15.0 (15.0)	
Overseas business	1.8	-112.3	16.0	30.0 (30.0)	
Financial services business/ Risk-related services business	1.9	0.7	2.0	5.0 (5.0)	
"Group ROE" [2]	0.8%	-5.6%	5.3%	7.0% (7.0%)	Approx. 9%

[1] Figures are the annualized premiums in force of MSI Aioi Life (excluding group insurance); figures do not include MSI Primary Life. Figures for FY2010 are the simple sum of annualized premiums in force of MSI Kirameki Life and Aioi Life.

[2] For the definition of "Group Core Profit" and "Group ROE", please refer to Page 27.

[3] Projections are based on the business strategy of the medium-term management plan presently running. Targets for FY2014 and thereafter will be set in the next medium-term management plan.

Main factors for revision (figures are before tax)

- In association with the series of natural disasters that occurred,	-¥33 bn
- Changes in the asset management environment.	-¥30 bn
- The loss ratio of voluntary auto insurance at a higher-than-assumed level	-¥10 bn

Changes in assumptions (end of FY2013)

- Exchange rate (USD)	¥105	¥80
- Stock price (Nikkei 225)	¥12,000	¥11,000
- Interest rate (10-year JGB)	1.90%	1.40%

Medium-Term Management Plan: Review of Stage 1

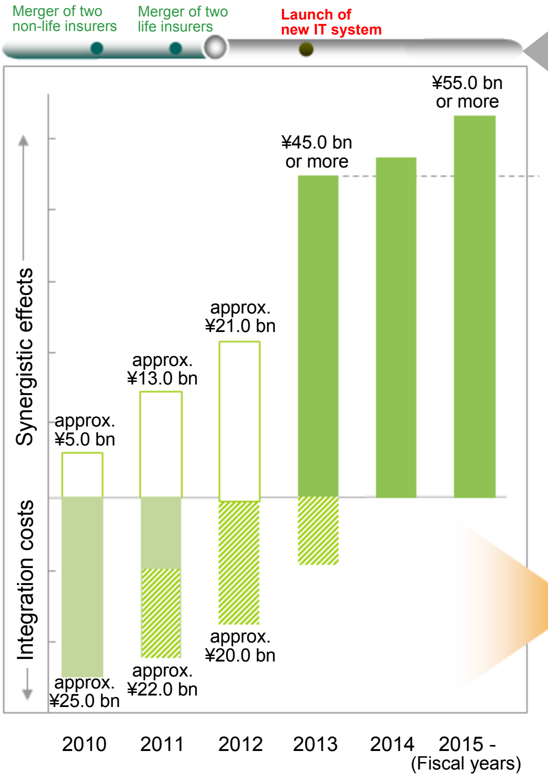
Business bases for expanding earnings have been established in Stage 1, a period under difficult business environments with natural disasters, etc.

Sustainable growth	● The top line in the domestic non-life insurance business was strong, reflecting our unique product strategy and our strong sales network of life insurance salespeople. ● In the domestic life insurance business, Mitsui Sumitomo Aioi Life Insurance achieved both high growth in embedded value and stable growth overall. Mitsui Sumitomo Primary Life Insurance maintained its position as a leading company in the industry.
Pursuing synergies within the Group	● Generated cost synergy through business integration. ● Took action to enhance quality, growth potential, and profitability as planned.
Strategic distribution of resources	● Made active and strategic investments in fields with growth potentials. ● Developed life insurance business as well as non-life insurance business in rapidly growing Asia.
Robust business operations	● Responded promptly to difficult business environments within the framework of "integrated risk management."

Medium-Term Management Plan: Integration Costs and Synergies

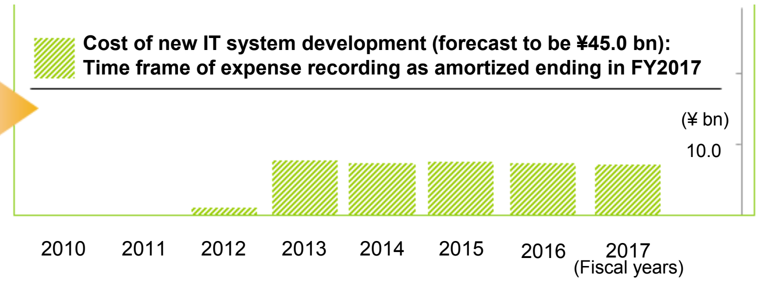
No change in initial forecast of cumulative synergies in excess of cumulative integration costs by FY2013

Integration costs and synergies (including life insurance domain)



Synergies: (annual vs. FY2008)

		FY2013 (single-year basis, life + non-life) ¥45.0 bn or more per year	FY2015 onward ¥55.0 bn or more per year
Cost-reduction effects	IT system related	¥13.0 bn	¥21.0 bn
	Cost savings from consolidation of business units and improvement in logistic and printing cost efficiency	¥11.0 bn	¥11.0 bn
	Improvement in cost efficiency vis-à-vis outsourcing expenses, activity expenses, personnel expenses, etc.	¥15.0 bn	¥15.0 bn
Synergistic effects	Top-line effects and benefits of sharing know-how, realized through prioritized allocation of resources and joint network utilization	¥7.0 bn	¥8.0 bn



Domestic Non-life Operations: Efforts to Improve the Combined Ratio and Future Outlook

– Underwriting profit management measures of the two domestic non-life companies have been converged in a cross-Group committee, in an effort to conduct structural income and expenditure reforms with the goal of achieving early profitability in underwriting income of domestic non-life operations.

Efforts Aimed at Improving the Combined Ratio

Establishment of the Earnings Improvement Committee
（Mitsui Sumitomo Insurance）

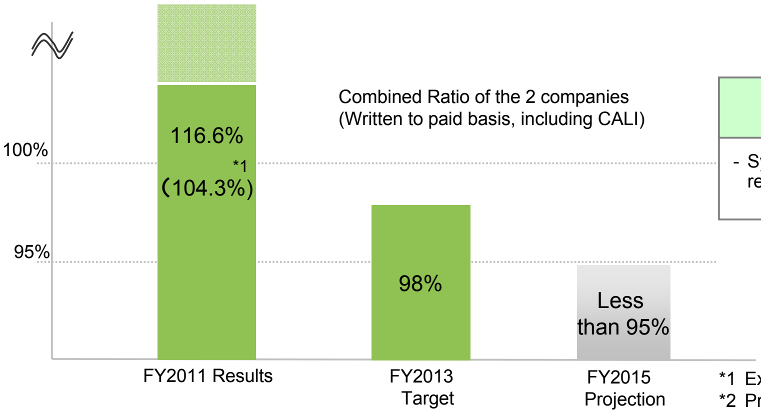
- A committee spanning the organization and chaired by the President has been established this year to quickly achieve profitability and expansion of underwriting income
- Various measures related to improvements to income and expenditure implemented by each division until now will be converged into this initiative, which will be conducted centrally to ensure and strengthen measures

Operation Centered on the Structural Reform Committee
（Aioi Nissay Dowa Insurance Co.）

- Committees focused essentially on efforts to improve income and expenditures centered on automobile insurance will be established at the head office and in regional offices, to ensure implementation of structural reforms in the domestic insurance business.
- In FY2011, in addition to committee operations, the Group added PDCA management of key measures related to streamlining of businesses expenses, driven by the launch of the new, post-merger company, and strengthened cross-divisional initiatives.

Creation of Synergies

- Synergistic effects are steadily becoming evident, starting with a reduction in system-related costs (See previous page)

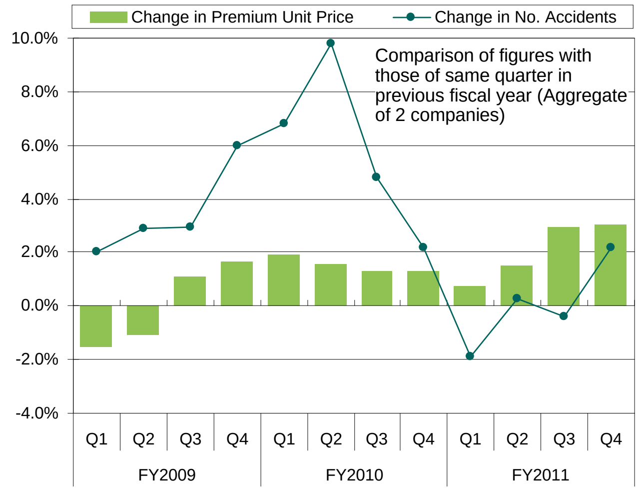


*1 Excluding Great East Japan Earthquake and Thai flooding
*2 Projection assumes the business strategy in the current medium-term management plan. Targets for FY2014 onwards will be set in the next medium-term management plan.

Domestic Non-life Operations: Efforts to Improve Auto Insurance Loss Ratio and Future Outlook

– *Improvements in Loss Ratio in automobile insurance will continue to be addressed as a urgent issue in domestic non-life operations.*

Situation until FY2011 (Insurance premium unit price, number of accidents, EI loss ratio)



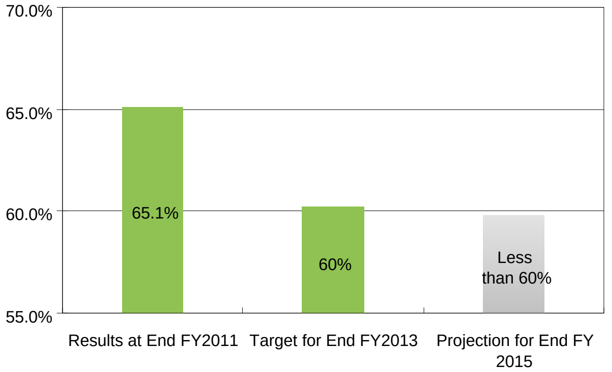
Comparison of figures with those of same quarter in previous fiscal year (Aggregate of 2 companies)

EI Loss ratio	62.9%	66.8%	65.1%

* EI loss ratio excludes loss adjustment expenses.

Further Efforts Aimed at Improving Loss Ratio

- Revisions to the “Age condition premium rate of named insured” and “non-fleet discount / loading rate system” are expected to improve the worsening loss ratio structure caused by the current system (+1% per year)
- Further manifestation of product/rate revision effects from past years, and improvements to premium unit prices through revisions going forward (projected improvement in income and expenditures for FY2012 totaling in excess of 35 billion yen)
- Acceleration of improvements in income and expenditures through the continuation of stringent underwriting and the provision of effective loss prevention services by our front office.



* Projection assumes the business strategy in the current medium-term management plan. Targets for FY2014 onwards will be set in the next medium-term management plan.

Domestic Non-life Business: Status of Discussion on Restructuring

– *Accelerating review of “the optimal non-life insurance business”.*

Apr 2010 Creation of the MS&AD Group

Apr 2010- Merging of related operating companies, and promotion of joint efforts and sharedservices between operating companies

Oct 2010 Creation of Aioi Nissay Dowa Insurance Co.

Oct 2011 Creation of MSI Aioi Life

FY2013 **Operation of new integrated IT system**

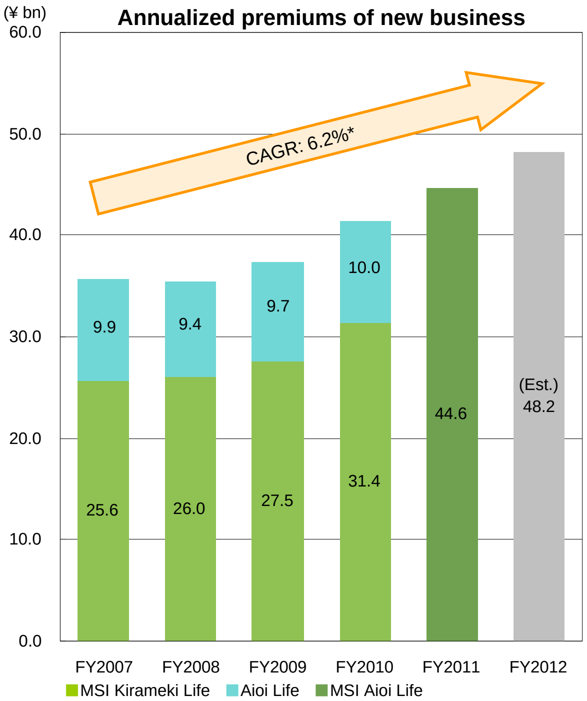
Toward becoming a “World-class insurance and financial group”

- Since the business integration in April 2010, efforts to pursue group synergies and improve management efficiency have progressed steadily, through moves such as the merging of related operating companies and the integration of administrative systems.
- The new integrated IT system scheduled to start running in FY2013 will enable product design and administrative work in domestic non-life operations to be conducted on a single platform. With regard to domestic non-life business, we will consider all options for the optimal business (reorganization by function, further merging, etc.) based on the direction of the group and issues associated with reorganization, while keeping an eye on the schedule.
- Alongside such efforts, we are also discussing (1) utilization of revised regulations related to group management of insurance companies (the format for outsourcing insurance solicitation, format of regulations on units of transfer of insurance policies, etc.), (2) improved head office efficiency across the entire group, including aggregation of each company’s redundant functions into the holding company, joint initiatives and outsourcing of work between operating companies, and a shift to shared services.

Domestic Life Insurance Business: MSI Aioi Life (1)

– Achieved high growth in new business. Ranked next to major life insurance companies in amount of new business.

High growth in new business



* Growth rate based on estimation for FY2012

FY2011 ranking by amount of new business

- MSI Aioi Life was ranked next to major life insurance companies.
- It was top-ranked among life insurance companies that owned by Japanese non-life insurance companies.

◆ New business*		(¥ bn)
1	Nippon Life	8,399.2
2	Dai-ichi Life	7,051.9
3	Japan Post Insurance	6,937.4
4	Meiji Ysuda Life	5,555.2
5	Sony Life	4,203.3
10	MSI Aioi Life	3,277.0

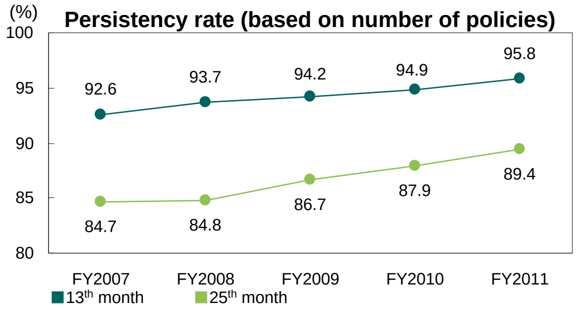
Source: *Prepared by MS&AD Holdings based on each company's financial reporting*

* Amount of new business + net increase from conversions (individual insurance and individual annuities insurance)

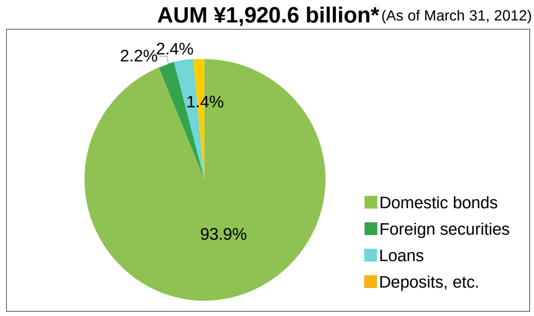
Domestic Life Insurance Business: MSI Aioi Life (2)

– Having a positive outlook of growth in embedded value and net income target for FY2013: ¥7 bn

Steady improvement in persistency rate

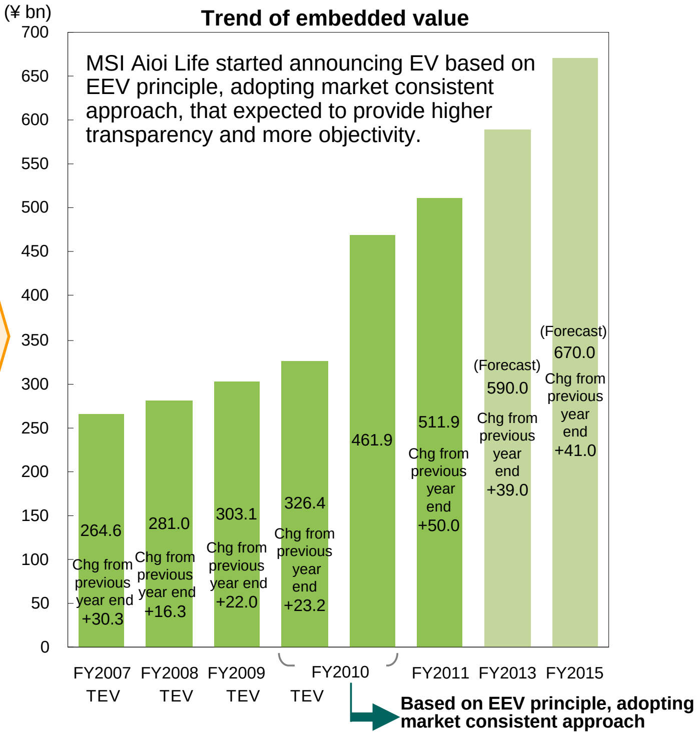


Stable investment portfolio



* Excluding deposit paid on bond lending transaction

Continuing growth in embedded value



MSI Aioi Life started announcing EV based on EEV principle, adopting market consistent approach, that expected to provide higher transparency and more objectivity.

Based on EEV principle, adopting market consistent approach

* On and before FY2010, embedded values base on TEV represent sum of MSI Kirameki Life and Aioi Life.

Domestic Life Insurance Business: Mitsui Sumitomo Primary Life (1)

MSI Primary Life aims for taking advantage of its bases of products, services, and sales channels, as a leading company in the individual annuity sector, and steadily supplying products for continuous growth. Net income is projected to be ¥9 billion in FY2013.

Rankings by individual annuity sales through the bank channel

(October 2002 – September 2011)

◆	Variable Annuities	(¥ bn)
1	Hartford Life Insurance	3,426.2 (0)
2	MSI Primary Life	2,838.4 (38.0)
3	Tokyo Marine & Nichido Financial	2,668.7 (3.9)

◆	**Foreign currency-denominated fixed annuities**	(¥ bn)
1	MetLife Alico	3,509.0 (144.3)
2	Gibraltar Life Insurance	925.9 (33.7)
3	MSI Primary Life	638.8 (61.9)

Source: *The Hoken Mainichi Shinbun newspaper*

- The figures in the parentheses represent those of 1st Half of FY2011.
- The Figures for “Gibraltar Life Insurance” are the aggregate of “Gibraltar Life Insurance”, “Prudential Gibraltar Financial” and “AIG Edison Life”.

Reasons for MSI Primary Life’s growth

◆ Product strategies

- Provides a stable supply of both variable and fixed annuities.
- Offers products, promptly responding to trends in customer needs and the market environment.
- Meets demand for foreign currency-denominated fixed annuities and life-long insurance, which are favored and supported in sales through the bank channel.

◆ Sales channels

- Has built trust with sales agents by providing a stable supply of products
- Sales agents consisting of a robust network of financial institutions

◆ Profitability of variable annuities / hedge for minimum guarantee risk

- Hedge has long been achieved at a cost where steady profitability can be obtained.

Domestic Life Insurance Business: Mitsui Sumitomo Primary Life (2)

Product portfolio strikes a good balance between variable and fixed products

- With diversified means of risk control, MSI Primary Life aims to continually provide variable annuity products.
- Overall, MSI Primary Life aims to continually offer customers a well-balanced lineup of products; variable annuities and fixed annuities.

Strong sales channel

- MSI Primary Life had 170 counterparties as sales agents as of March 31, 2012.
- Financial institutions account for about two-thirds of whole agents. Among them, 5 out of 6 “city banks” (*toshi ginkou*) are MSI Primary agents. As for regional banks, 75 out of 106 regional banks (*chihou ginkou*) countrywide are its agents. MSI Primary Life provides Japan Post Bank and Japan Post Network, both its agents, with products designed especially for them.
- The extensive force of sales agents, with offices and branches across the country, underpin MSI Primary’s stable supply of products.

Regional banks acting as MSI Primary’s agents (in terms of presence by district)

	Hokkaido/ Tohoku	Kanto	Koshin-etsu	Hokuriku/ Tokai	Kinki	Chugoku/ Shikoku	Kyushu/ Okinawa	<Total>
Number of agents	12	15	3	11	7	13	14	75
Out of existing	17	16	6	19	10	17	21	106

* Prepared by MS&AD based on data separately disclosed by Regional Banks Association of Japan and The Second Association of Regional Banks regarding the location of the regional banks as of October, 2011.

Minimum guarantee risk associated with the sale of variable annuities

- MSI Primary Life has transferred out the full minimum guarantee risk associated with the sale of variable annuities since April 2005, where reinsurance premiums at the front-end of each policy are kept unchanged till the end of the term. Therefore, the profitability is kept steady overall.
- MSI Primary Life believes that the minimum guarantee risk associated with the sale of variable annuities before March 2005, which is kept unhedged, can be managed, using loss reserves accumulated, the pure insurance premiums received for the minimum guarantee risk and profit.
- MSI Primary Life developed a structure for transferring risk out of the Group through a reinsurance company established in Bermuda (United Kingdom) in January 2012. Using this structure, the company will continue to promote the sales of variable annuities without assuming minimum guarantee risk.

Asset Management

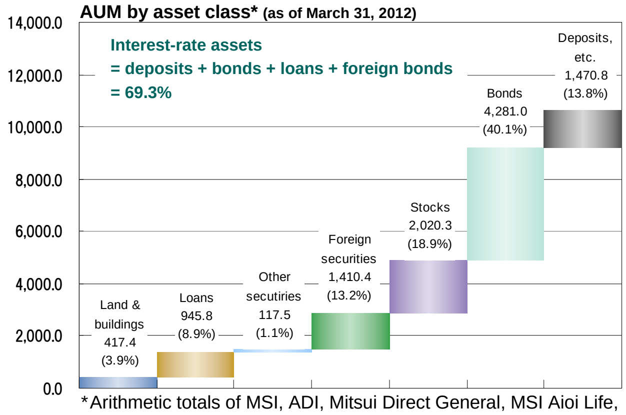
MS&AD INSURANCE GROUP

Realizing stable asset management through ALM and an asset mix heavily weighted toward high-grade interest-rate assets

Asset mix heavily weighted toward interest-rate assets

(¥bn)

AUM by asset class* **(as of March 31, 2012)**



*Arithmetic totals of MSI, ADI, Mitsui Direct General, MSI Aioi Life, and MSI Primary Life's (general accounts) asset holdings as itemized in their financial statements.

Safety-first bond portfolio

(¥bn)

Bond holdings by rating* **(as of March 31, 2012)**

	Domestic issuers		Overseas issuers	
	Balance	% of total	Balance	% of total
AAA	2,717.5	63.5%	379.1	55.1%
AA	1,136.2	26.5%	143.1	20.8%
A	363.3	8.5%	144.6	21.0%
BBB	58.3	1.4%	15.8	2.3%
BB & lower	5.4	0.1%	5.6	0.8%
Total	4,280.9	100.0%	688.4	100.0%

* Simple aggregate of MSI, ADI, Mitsui Direct General, MSI Aioi Life, and MSI Primary Life's (general accounts) bond holdings broken down based on their respective internal credit ratings.

We manage interest-rate sensitivity (as of March 31, 2012)

(¥bn)

	MS&AD Group total	Total for domestic non-life insurers	Total for domestic life insurers
Change in difference between asset and liability values (surplus) in the event of a 100 bp rise in yen interest rates	+69.3	+57.9	+11.4

Government bond holdings for five European countries (as of March 31, 2012)

(¥bn)

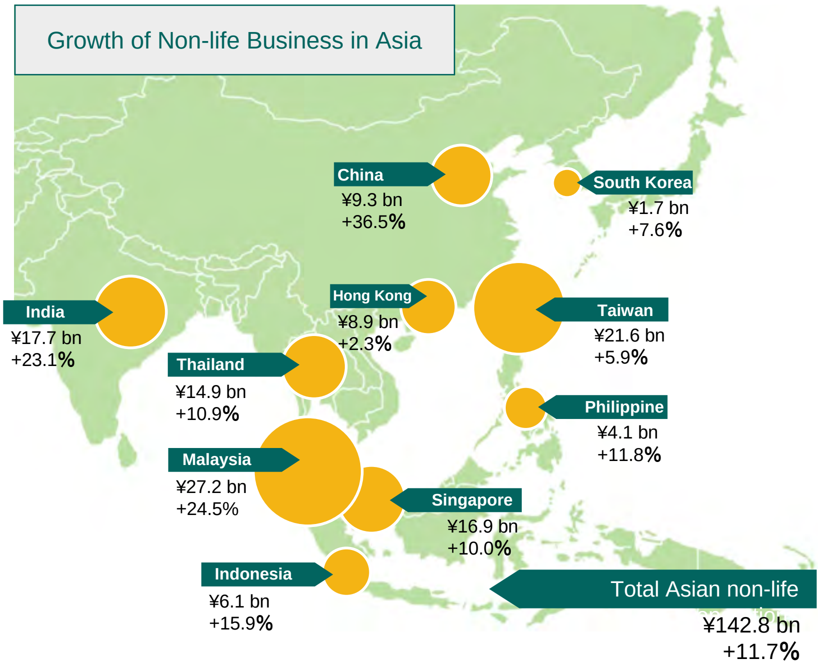
Issuing country	Ireland	Italy	Greece	Spain	Portugal	Total
Holding	―	11.4	0.0	4.4	0.0	15.8

Overseas Operations: Toward Establishing a Position as the No. 1 Insurance Group in Asia

MS&AD INSURANCE GROUP

- *The non-life business is growing steadily in Asia. Strategic investments are being made in life insurance markets with high growth potential by seeking synergistic effects through capital tie-ups with influential local companies, utilizing the infrastructure of the non-life operations that have been established in each country for our non-life insurance operations.*

Growth of Non-life Business in Asia



Upper line: Net premium income (FY2011)
Lower line: Average rate per year of change in net premium income (FY2009-FY2011). Only MSI offices.

Note: Figures for Thailand exclude reinstatement premiums of reinsurance due to Thai flooding.

Investment in Growth of the Asian Life Insurance Market

China	Sinatay Life Insurance Invested in April 2010
Malaysia	Hong Leong Assurance Capital Tie-up in October 2010
Indonesia	Sinarmas MSIG Life Capital Tie-up in July 2011
India	Max Life Capital Tie-up agreement in April 2012

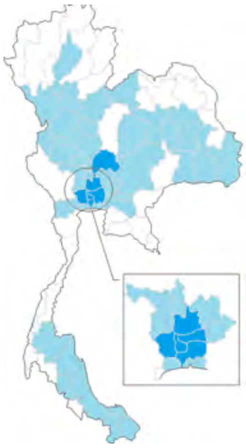
GCP* Target / Life Insurance in Asia (FY2013)	¥10.0 bn or more
GCP* Target / Overseas Business (FY2013)	¥ 30.0 bn

* GCP : Group Core Profit (see page 27)

Overseas Business: Strengthening and Enhancing Risk Management for Natural Disasters (1)

Overview of Widespread Flooding in Thailand

As of December 26, 2011

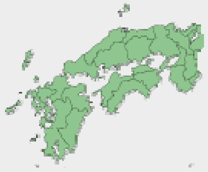


Condition as of Dec. 26, 2011 (Of 77 provinces)

■ Flooding underway: 6 provinces

■ Flooded occurred, but the water has subsided: 38 provinces

[Source] *Japan External Trade Organization (JETRO)*



[Reference]
Map of Japan (only Kinki, Chugoku, Shikoku and Kyushu) on almost the same scale as map of all of Thailand

State of damage in the industrial park on the outskirts of Bangkok

(Photo: Mitsui Sumitomo Insurance)

- The damage from flooding that occurred in Northeastern Thailand at the end of July 2011 spread to affect the entire country due to heavier rainfall than usual.
- In early October, the rapid dam discharges that followed contributed to flooding damage reaching the industrial park outside the capital, Bangkok, where many Japanese companies have located their operations. This later spread to central Bangkok.
- Partially because of its strong presence in the Thai non-life insurance market (particularly among Japanese companies), the MS&AD Group's incurred loss from the flooding in Thailand reached ¥273.5 billion due to the following factors:
  - Flooded areas were widespread
  - Damage to insured properties was greater than usual (caused by the flooding being prolonged)

Overseas Business: Strengthening and Enhancing Risk Management for Natural Disasters (2)

- *Risk management for natural disasters such as earthquake and damage caused by wind and flood has been treated as the most important risk (careful risk management is conducted using the quantitative results through risk modeling). Upon the occurrence of flooding in Thailand, we are re-identifying issues related to effective control of overseas natural disasters, and working to further strengthen and enhance such efforts.*
- *In addition, on an integrated risk management level, risk management takes into account the limitations of natural disaster risk models.*

Issues Highlighted by Flooding in Thailand

Issues

- Prevention of recurrence of Thai flooding claims
- Identification and reevaluation of other natural disaster risks (regions and perils)

Strengthening and Enhancement of Risk Management for Overseas Natural Disasters

Actions

- Application of stricter underwriting criteria to Thai flooding risks. [Complete]
- Management of risk quantity based on add-on corrections of quantitative results of modeling for flooding and tsunami risks [Complete]

- Evaluation, calculation and reduction of underwriting of the amount of cumulative damage based on a worst case scenario, where the same degree of damage as the Thai flooding occurs [Underway]
- Verification and examination of risks not present by established natural disaster models. [Underway]
- Implementation of flooding risk surveys focused particularly on the Asia region [Underway]

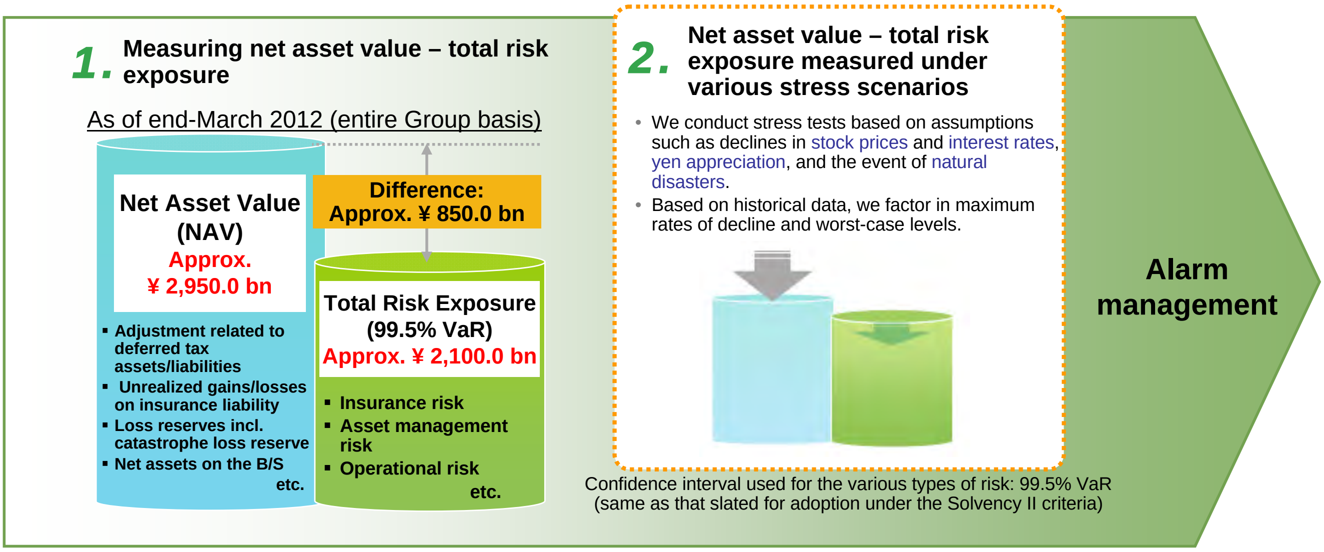
Ongoing Improvements to Integrated Risk Management

- Secure stress buffers based on the fact that risk models have limitations
- Periodically perform verification of models used, and reflect these outcome in the risk assessments used in integrated risk management.

Integrated Risk Management: Net Asset Value and Total Risk Exposure

We regularly monitor the "net asset value" and the "total risk exposure" calibrated by the in-house model.

We will continue to refine our monitoring framework to make the framework even more sophisticated, while monitoring changes in the external environment, including volatility and trends in regulations.



1. Measuring net asset value – total risk exposure

As of end-March 2012 (entire Group basis)

Net Asset Value (NAV)
Approx. ¥ 2,950.0 bn

- **Adjustment related to deferred tax assets/liabilities**
- **Unrealized gains/losses on insurance liability**
- **Loss reserves incl. catastrophe loss reserve**
- **Net assets on the B/S**

etc.

Difference: Approx. ¥ 850.0 bn

Total Risk Exposure (99.5% VaR)
Approx. ¥ 2,100.0 bn

- **Insurance risk**
- **Asset management risk**
- **Operational risk**

etc.

2. Net asset value – total risk exposure measured under various stress scenarios

- We conduct stress tests based on assumptions such as declines in stock prices and interest rates, yen appreciation, and the event of natural disasters.
- Based on historical data, we factor in maximum rates of decline and worst-case levels.

Confidence interval used for the various types of risk: 99.5% VaR
(same as that slated for adoption under the Solvency II criteria)

Alarm management

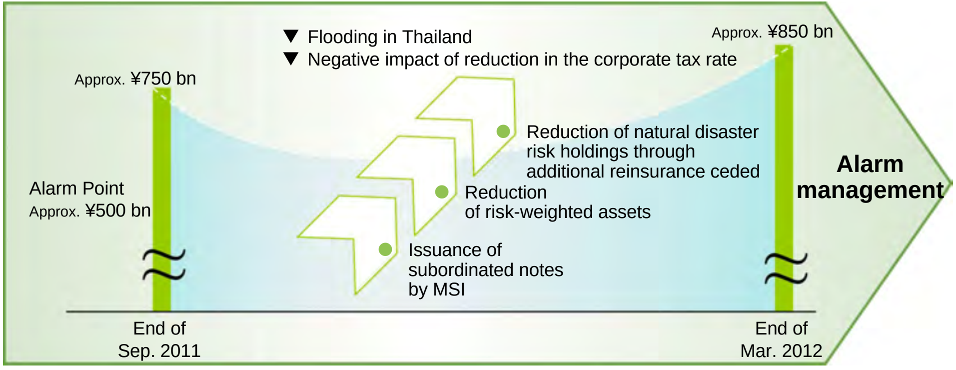
Issues factored into capital management

- 🟩 Whether each of the components of net asset value may be counted as capital
- 🟩 Rating agencies' stance toward asset/capital soundness
- 🟩 Medium-term trends in Japanese and overseas solvency requirements
- 🟩 Financial results forecast, progress of business plan, etc.

Integrated Risk Management: Alarm Management as Functioning

Transition of Difference ("net asset value" minus "total risk exposure)

(picture for illustrative purposes only)



- The "alarm point" *, the key concept of alarm management, is presently set at around ¥500 billion.

  *Alarm point:

  The alarm point is a framework for securing the Group's asset-risk difference to a certain level to be set, taking into account such factors stress buffers for market environment, natural disasters (successive occurrence, model risk, etc.), and business investment funds for growth.
- We will continuously refine our monitoring framework to make it even more sophisticated, while monitoring changes in the external environment, including volatility and trends in regulations in Japan and abroad.

Sales of strategic equity holdings (aggregate amount of MSI and ADI) : results and projection

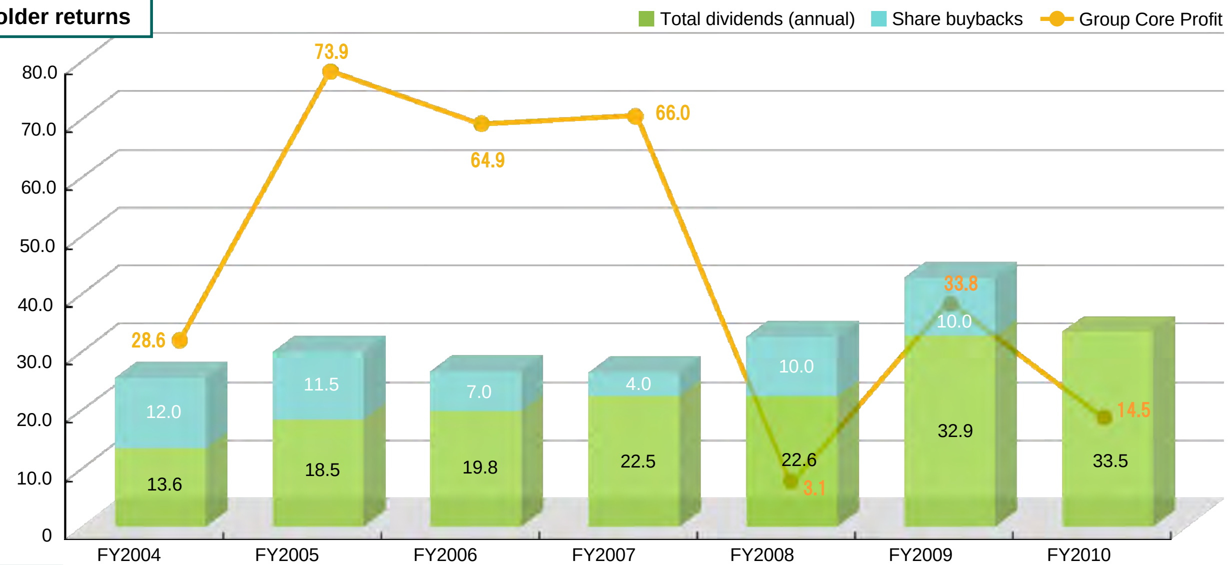
Planning to sell a total of 300 billion yen from FY2011 through FY2013

(¥ bn)

FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012
179.1	100.9	46.6	47.9	41.8	54.5	57.4	88.7	over 100

Capital Management Policy and Shareholder Return Policy (1)

Trends in total shareholder returns



	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Shareholder return ratio	90%	41%	41%	40%	1,057%	127%	231%

* The shareholder return ratio is calculated as follows (example based on FY2008):

$$\frac{\text{FY2008 dividends (December 2008 and June 2009)} + \text{Value of share buybacks conducted in FY2009}}{\text{FY2008 Group Core Profit}}$$

Until FY2008 the definition of Group Core Profit was slightly different from the current definition. Until FY2008, MSIG aimed to provide shareholder returns equivalent to 40% of Group Core Profit under its shareholder return policy. (The ratio has been 50% since FY2009.)

* The figures for fiscal years up to FY2007 are figures for MSI. The FY2008 figures are for MSIG. The figures for FY2009 are sums of figures for MSIG, Aioi, and NDI.

Capital Management Policy and Shareholder Return Policy (2)

The capital management policy and shareholder return policy remain unchanged.

Capital Management Policy

- We return profits to shareholders based on “Group Core Profit,” while creating a virtuous growth cycle through investment in businesses with substantial growth potential.
- We aim to achieve a “Group ROE” of 7% for FY2013 through growth in “Group Core Profit” and adroit capital management.

Shareholder Return Policy

- Shareholder returns

  We will return approximately 50% of “Group Core Profit” to shareholders through dividends and share buybacks.
- Dividends

  We aim to maintain stable dividends, and steadily increase dividends by strengthening our earnings power.

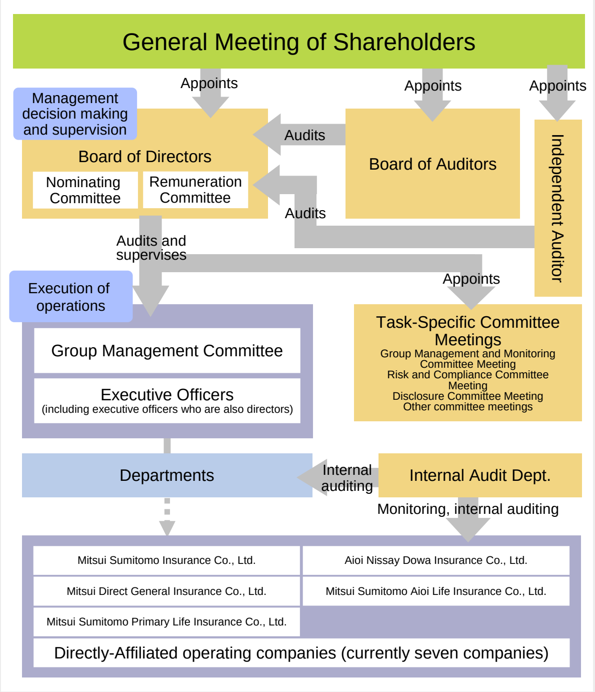
  * The annual dividend for FY2011 is expected to be ¥54 per share.
- Share buybacks

  We will buy back shares opportunistically and continuously, taking capital position and profits into account.

Corporate Governance

Enhancing the Group's enterprise value under the Group's management structure, which is transparent and has internal verification functions

Corporate Governance Structure



- **Under the executive officer system, the roles of the Board of Directors, which makes management decisions and supervises, and the Executive Officers, who execute operations, are clarified.**
- **Of 13 directors, four directors are outside directors. Of five auditors, three auditors are outside auditors.**

  →All outside directors and auditors are independent officers that meet the requirements of TSE, NSE, and OSE.
- **The term of office of the directors is one year.**
- **The outside directors are a jurist, an expert on corporate ethics, and two lawyers. The outside auditors are a certified public accountant and two lawyers.**

  →In FY2011, thirteen Board meetings were held, and all four outside directors attended eleven meetings or more.
- **The Board of Directors has two internal committees: the Nominating Committee and the Remuneration Committee.**

  →The chairperson and a majority of the members of each of the committees are outside directors.

Subject to approval of new directors at the general meeting of shareholders for FY2012 (scheduled on June 26, 2012), the outside directors will be as follows:

Two lawyers and two corporate managers
(Three men and one woman).

<reference> The number of outside directors:
at Mitsui Sumitomo Insurance Co., Ltd.: three (of eleven directors)
at Aioi Nissay Dowa Insurance., Co., Ltd.: two (of thirteen directors)

Appendix Data

Definition of “Group Core Profit” and “Group ROE”

“Group Core Profit”

= **Consolidated net income**

− **Net capital gains/losses on stock portfolio (gains/losses on sales etc.)**

− **Net evaluation gains/losses on credit derivatives**

− **Other incidental factors**

+ **Equity in earnings of the non-consolidated group companies**

“Group ROE”

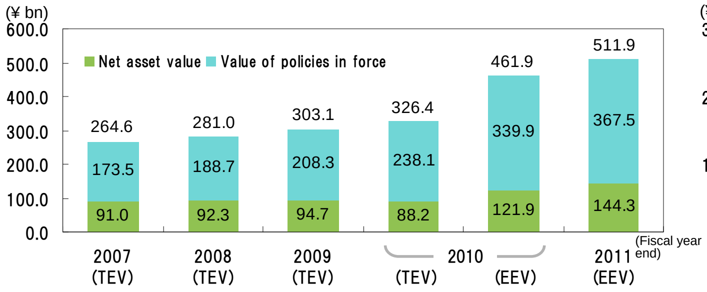
= **Group Core Profit**

÷ **Consolidated total net assets excluding minority interests (average of beginning and ending amount of B/S)**

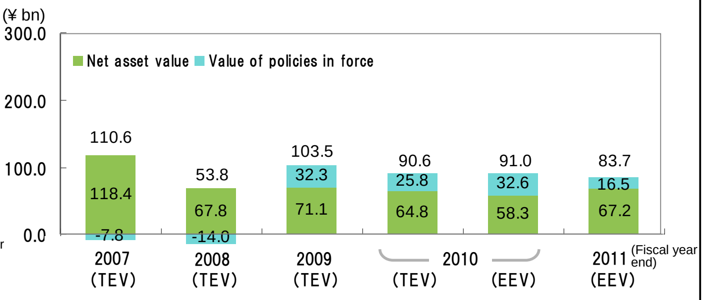
Trends in Embedded Value (from end of FY2007 to end of FY2011)

Disclosing embedded value based on EEV principle, adopting market consistent approach

MSI Aioi Life



MSI Primary Life



Changes in FY2011

Factor	Change
Value of new policies in FY2011	+20.9
Projected earnings (risk-free rate)	+6.2
Projected earnings (extra earnings)	+0.7
Difference between assumptions (non-economic) and results	+2.3
Changes in assumptions (non-economic)	+4.5
Difference between assumptions (economic) and results	-10.0
Other changes relating to business	-3.8
Other changes not relating to business	+29.2
Total	+50.0

* TEV from FY2007 to FY2010 is the simple sum of TEV for MSI Kirameki Life and TEV for Aioi Life.

EV Sensitivity at End of FY2011

Change in Assumption		Change
Risk-free rate	Up 50 bp	+13.5
Risk-free rate	Down 50 bp	-15.6
Value of shares and real estate	Down 10%	-0.1
Expense rate (maintenance cost)	Down 10%	+12.5
Termination and lapse ratio	Down 10%	+11.4
Frequency of insured events (death insurance)	Down 5%	+17.0
Frequency of insured events (annuity insurance)	Down 5%	-0
Implied volatility of shares and real estate	Up 25%	0
Implied volatility of interest rate swaptions	Up 25%	-23.7
Capital requirement changed to the legal minimum level		+7.4

Changes in FY2011

Factor	Change
Value of new policies in FY2011	+2.4
Projected earnings (risk-free rate)	+0.4
Projected earnings (extra earnings)	+15.2
Difference between assumptions (non-economic)	-4.5
Changes in assumptions (non-economic) and results	-2.1
Difference between assumptions (economic) and results	-17.4
Other changes relating to business	-0.4
Other changes not relating to business	-0.8
Total	-7.3

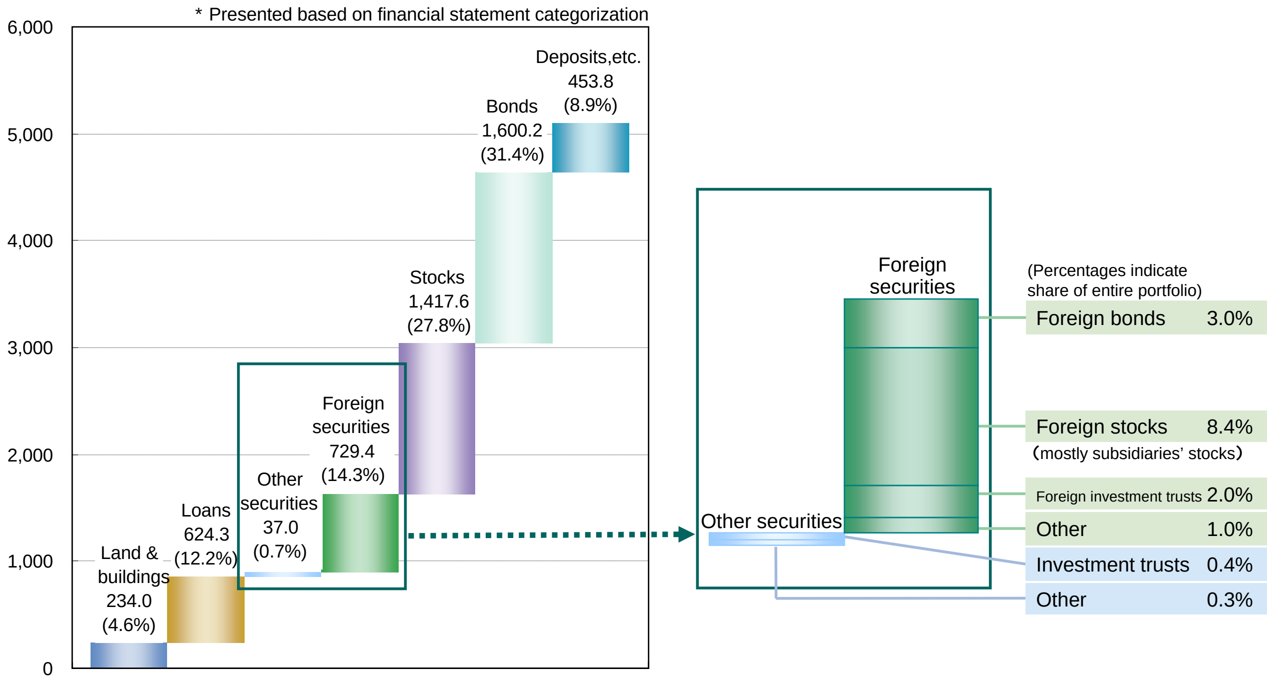
EV Sensitivity at End of FY2011

Change in Assumption		Change
Risk-free rate	Up 50 bp	+3.7
Risk-free rate	Down 50 bp	-2.3
Value of shares and real estate	Down 10%	-15.5
Expense rate (maintenance cost)	Down 10%	+3.9
Termination and lapse ratio	Down 10%	-1.6
Frequency of insured events (death insurance)	Down 5%	+0.5
Frequency of insured events (annuity insurance)	Down 5%	+1.6
Implied volatility of shares and real estate	Up 25%	-5.8
Implied volatility of interest rate swaptions	Up 25%	-0.2
Capital requirement changed to the legal minimum level		+0.8

Assets Under Management（MSI）

AUM and percentage allocations by asset class（as of end-March 2012）

(¥bn)

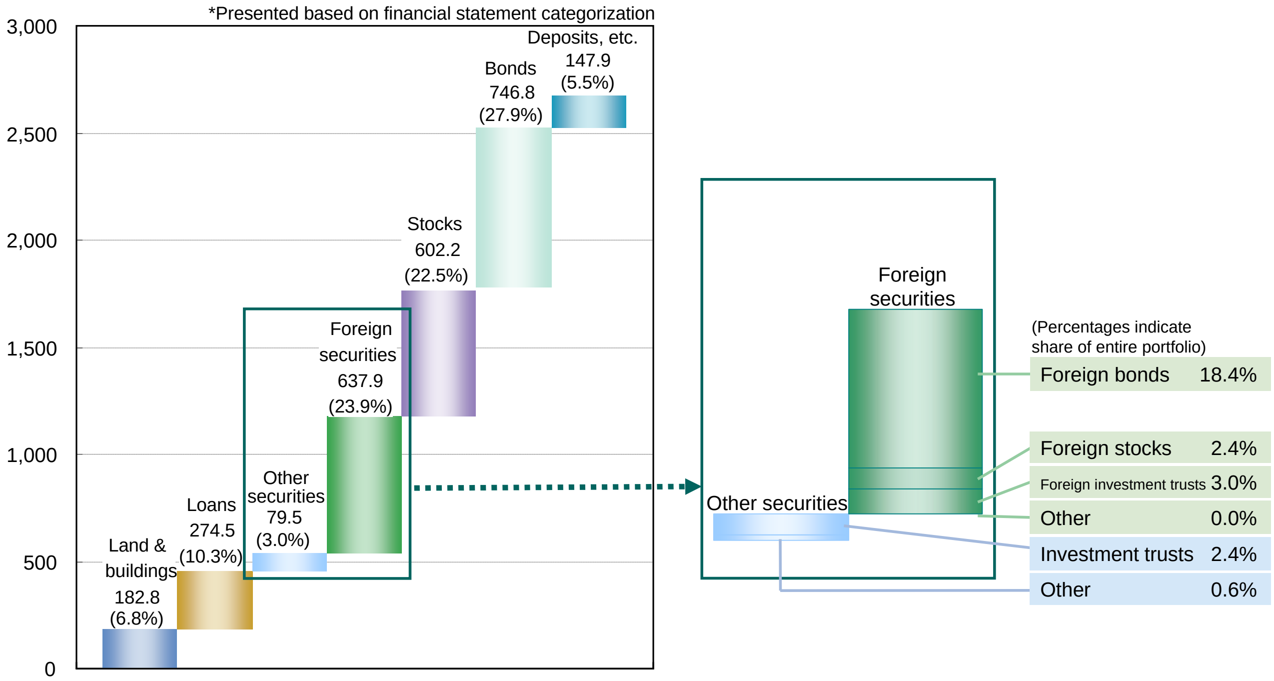


* Presented based on financial statement categorization

Assets Under Management（ADI）

AUM and percentage allocations by asset class（as of end-March 2012）

(¥bn)



*Presented based on financial statement categorization

Overseas Operations: FY2011 Results and FY2012 Forecasts

***** Overseas Business**:** Aggregate of consolidated overseas subsidiaries’, non-life insurers overseas branches’, and overseas non-consolidated affiliates’ results

Net premiums written (Non-Life)

(¥bn)

	FY2011			FY2012(forecast)	
	Forecast*1	Actual	vs. forecast		YoY change
Overseas Business total*2	268.4	262.2	△ 6.1	287.1	24.8
Asia	153.1	142.8	△ 10.2	167.9	25.1
Europe	58.8	60.9	2.0	66.6	5.7
America	42.2	43.7	1.5	44.1	0.3
Reinsurance	16.5	16.8	0.4	15.3	△ 1.6

Net income*3

(¥bn)

	FY2011			FY2012(forecast)	
	Forecast*1	Actual	vs. forecast		YoY change
Overseas Business total*2	-16.8	-112.3	-95.5	16.0	128.4
Asia	-4.5	-89.6	-85.1	11.4	101.0
Europe	-12.3	-16.1	-3.9	-2.3	13.9
America	2.6	0.1	-2.4	2.7	2.5
Reinsurance	0.1	-6.3	-6.4	5.1	11.5
Asian Life Insurance Business*4	3.3	3.0	-0.2	7.9	4.9

*1 Forecasts from the revised FY2011 consolidated earnings forecast released on November 18, 2011.
*2 Figures in the “total” rows include head office adjustments etc.
*3 Group Core Profit basis
*4 Including Takaful business

MS&AD
INSURANCE GROUP

【Reference　Materials】

MS&AD Insurance Group Holdings, Inc.

Summary of FY2011 Financial Results and Projected Financial Results for FY 2012

MS&AD Insurance Group Holdings, Inc.

Summary of FY2011 Financial Results (MS&AD Holdings, Consolidated)

Key financial data

(¥bn)

	FY2010	FY2011		
			Change	Growth
Net premiums written	2,541.4	2,558.8	17.4	0.7%
Ordinary profit/loss	21.0	-96.2	-117.2	-
Net income	5.4	-169.4	-174.8	-

* Note: Net premiums written exclude Good Result Return premiums of the "ModoRich" auto insurance product, which contains a special clause related to premium adjustment and refund at maturity; same hereafter

Breakdown of net premiums written

(¥bn)

	FY2010	FY2011		
			Change	Growth
Mitsui Sumitomo Insurance (Non-consolidated)	1,230.5	1,269.2	38.7	3.1%
Aioi Nissay Dowa Insurance (Non-consolidated)	1,097.3	1,074.6	-22.7	-2.1%
Mitsui Direct General Insurance	33.1	34.3	1.2	3.7%
Overseas subsidiaries	180.6	180.7	0.1	0.1%

* Prior to consolidation adjustments

* Figures for merged companies are a simple aggregate of the non-consolidated results for the companies before merger; same hereafter

Breakdown of net income

(¥bn)

	FY2010	FY2011	
			Change
Mitsui Sumitomo Insurance (Non-consolidated)	22.8	-130.6	-153.4
Aioi Nissay Dowa Insurance (Non-consolidated)	-11.4	-43.5	-32.1
Mitsui Direct General Insurance	0.2	0.3	0.1
MSI Aioi Life	-7.1	-11.3	-4.2
MSI Primary Life	9.3	5.9	-3.3
Overseas subsidiaries	4.5	- 6.7	-11.2
Others	-0.0	-0.0	0.0
Consolidation adjustments, etc.	-12.9	16.5	29.4

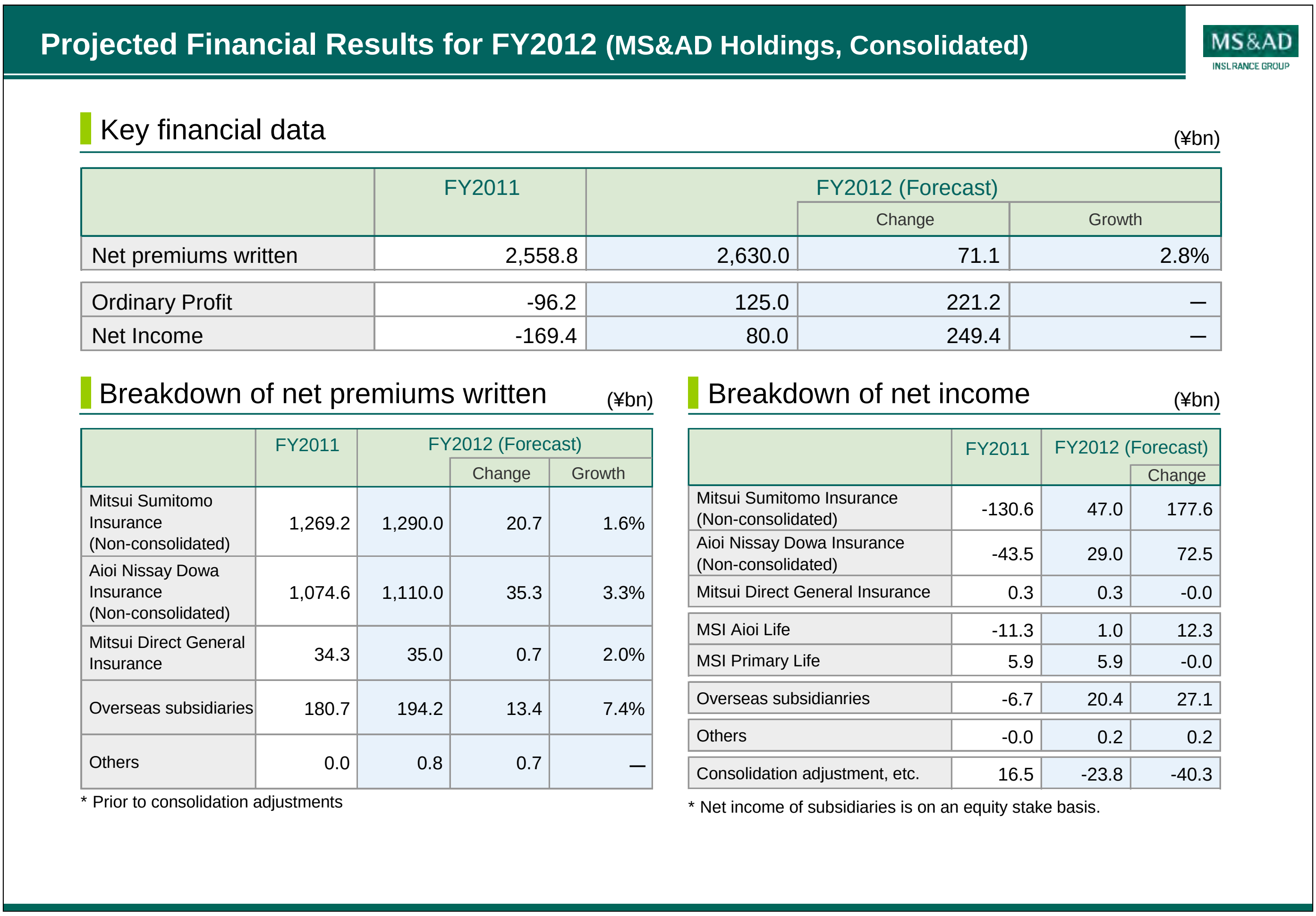
* Net income of subsidiaries is on an equity stake basis.

＜Net premiums written＞

- Group consolidated net premiums written totaled ¥2,558.8 billion, an increase of ¥17.4 billion, or 0.7%year-on-year.
- Breakdown of consolidated net premiums written:
  - At MSI, net premiums written increased by 3.1%, while at ADI, net premiums written declined by 2.1%.
  - Net premiums written by overseas subsidiaries decreased by ¥9.2 billion, about flat year-on-year, due to the effect of the appreciating yen. (On a local currency basis, operations in Asia expanded steadily, and net premiums written increased by 5.2%)

＜Net income＞

- A significant net loss of ¥169.4 billion was recorded.
  - Ordinary profit/loss recorded a loss of ¥96.2 billion, mainly due to incurred losses of ¥273.5 billion resulting from the floods in Thailand and incurred losses from typhoons and other domestic natural disasters (totaling ¥54.9 billion for the two main non-life insurance companies), as well as a loss of ¥29.6 billion (including a purchase adjustment of ¥11.7 billion) on devaluation of securities due to a sluggish stock market.
  - In addition, net income reflected a loss of 169.4 billion, with ¥56.0 billion due to a reversal of deferred tax assets with the reduction in the corporate tax rate, and ¥25.5 billion due to the impact of an increase in the valuation reserve for deferred tax assets related to securities at Aioi Nissay Dowa Insurance.
  - The floods in Thailand had a negative impact on net income of ¥106.3 billion (including ¥99.5 billion from reversal of catastrophe reserves and ¥12.5 billion in foreign exchange gains).
- Breakdown by company:
  - Mitsui Sumitomo Insurance posted losses of ¥130.6 billion, due to incurred losses from the floods in Thailand and other overseas and domestic natural disasters, loss on valuation of subsidiaries' stocks, as well as the impact of the reduction in corporate tax rates.
  - While experiencing some incurred losses from the floods in Thailand, Aioi Nissay Dowa Insurance posted an ordinary profit of ¥9.2 billion, although net income was a negative ¥43.5 billion due to the impact of the reduction in the corporate tax rate.
  - Overseas insurance subsidiaries saw increased profits with investments in life insurance operations, but major claim incidents in Europe and incurred losses at reinsurance subsidiaries due to natural disasters saw net income fall ¥11.2 billion year-on-year, to a negative ¥6.7 billion.
  - Consolidation adjustments include elimination of valuation losses at Mitsui Sumitomo Insurance amounting to ¥37.2 billion, and purchase-method adjustments of a negative ¥3.2 billion, etc.



Projected Financial Results for FY2012 (MS&AD Holdings, Consolidated)

Key financial data

(¥bn)

	FY2011	FY2012 (Forecast)		
			Change	Growth
Net premiums written	2,558.8	2,630.0	71.1	2.8%
Ordinary Profit	-96.2	125.0	221.2	—
Net Income	-169.4	80.0	249.4	—

Breakdown of net premiums written

(¥bn)

	FY2011	FY2012 (Forecast)		
			Change	Growth
Mitsui Sumitomo Insurance (Non-consolidated)	1,269.2	1,290.0	20.7	1.6%
Aioi Nissay Dowa Insurance (Non-consolidated)	1,074.6	1,110.0	35.3	3.3%
Mitsui Direct General Insurance	34.3	35.0	0.7	2.0%
Overseas subsidiaries	180.7	194.2	13.4	7.4%
Others	0.0	0.8	0.7	—

* Prior to consolidation adjustments

Breakdown of net income

(¥bn)

	FY2011	FY2012 (Forecast)	
			Change
Mitsui Sumitomo Insurance (Non-consolidated)	-130.6	47.0	177.6
Aioi Nissay Dowa Insurance (Non-consolidated)	-43.5	29.0	72.5
Mitsui Direct General Insurance	0.3	0.3	-0.0
MSI Aioi Life	-11.3	1.0	12.3
MSI Primary Life	5.9	5.9	-0.0
Overseas subsidianries	-6.7	20.4	27.1
Others	-0.0	0.2	0.2
Consolidation adjustment, etc.	16.5	-23.8	-40.3

* Net income of subsidiaries is on an equity stake basis.

＜Net premiums written＞

- Group consolidated net premiums written are forecast to reach ¥2,630.0 billion, up ¥71.1 billion, or 2.8% year-on-year.
- Breakdown of consolidated net premiums written:
  - Mitsui Sumitomo Insurance forecasts ¥1,290.0 billion, an increase of ¥20.7 billion year-on-year
  - Aioi Nissay Dowa Insurance forecasts ¥1,100.0 billion, an increase of ¥35.3 billion year-on-year
  - Mitsui Direct General Insurance forecasts ¥35.0 billion, an increase of ¥0.7 billion year-on-year
  - Overseas subsidiaries forecast ¥194.2 billion, an increase of ¥13.4 billion year-on-year

＜Net income＞

- Without the previous year’s floods in Thailand, with a reduction in typhoons and other natural disasters and related major losses domestically and abroad, and with the absence of any impact from a lowering of corporate tax rates, etc., the Group expects to return to profitability, with net income of ¥80.0 billion.
- Breakdown of net income:
  - At Mitsui Sumitomo Insurance, improvements in underwriting profits and a reduction in valuation losses are forecast to bring net income to ¥47.0 billion, up ¥177.6 billion year-on-year.
  - Aioi Nissay Dowa Insurance expects net income to increase by ¥72.5 billion year-on-year to ¥29.0 billion, with improvements in underwriting profits and the absence of any impact from a lowering of corporate tax rates.
  - Mitsui Direct General Insurance projects net income of ¥0.3 billion
  - MSI Aioi Life projects net income to increase by ¥12.3 billion, reaching ¥1.0 billion, with the absence of the previous year’s integration-related expenses
  - MSI Primary Life expects net income to remain flat compared to the previous year, at ¥5.9 billion
  - Overseas subsidiaries are expected to generate ¥20.4 billion in net income, an increase of ¥27.1 billion year-on-year, with a reduction in major claims incidents.
  - Consolidation adjustments, etc. are expected to widen to a negative ¥23.8 billion by a negative ¥40.3 billion year-on-year without the elimination of ¥37.2 in valuation losses on shares in subsidiaries.

Summary of FY2011 Financial Results

MS&AD Insurance Group Holdings, Inc.

MSI (Non-consolidated)

Key financial data

(¥bn)

	FY2010	FY2011	
			Change
Net premiums written	1,230.5	1,269.2	38.7
Net premiums written, growth rate	2.2%	3.1%	0.9pt
Net loss ratio	68.4%	84.8%	16.4pt
Net expense ratio	33.9%	33.3%	-0.6pt
Combined ratio	102.3%	118.1%	15.8pt
Incurred losses	806.6	1,122.0	315.3
Underwriting profit/loss	-50.3	-170.0	-119.6
Net investment income	83.9	36.5	-47.3
Ordinary profit/loss	31.7	-130.1	-161.9
Extraordinary income/loss	-5.5	-1.0	4.4
Net income	22.8	-130.6	-153.4

<Excluding CALI*>

Net premiums written, growth rate	2.4%	2.5%	0.1pt
Net loss ratio	63.5%	82.7%	19.2pt
Net expense ratio	35.2%	34.9%	-0.3pt
Combined ratio	98.7%	117.6%	18.9pt

* Net loss ratio is on a “written-to-paid” basis.

* CALI: Compulsory Automobile Liability Insurance

- Net premiums written increased by 3.1%.
  - Net premiums grew significantly with aggressive marketing through a strong sales network, increases in voluntary automobile, compulsory automobile liability, and personal accident insurance, where rate revisions were implemented, and increases as well in fire insurance and general liability insurance, etc. resulted in a 3.1% increase across all lines.
- The net loss ratio rose 16.4 percentage points year-on-year, due to the impact of an increase in claims paid on damages from domestic and overseas natural disasters, including the Great East Japan Earthquake and the floods in Thailand.
- The net expense ratio was 33.3%, an improvement of 0.6 percentage points year-on-year.
- The combined ratio rose by 15.8 percentage points year-on-year, to 118.1%.
- Incurred losses rose by ¥315.3 billion year-on-year (An increase of ¥253.9 billion year-on-year, excluding residential earthquake and compulsory automobile liability insurance.)
  - Due to a higher than usual number of major incidents, including residential earthquake insurance claims related to the Great East Japan Earthquake, flooding in Thailand, and other natural disasters (typhoons No. 15 and No. 12, etc.).
- Underwriting loss was ¥170.0 billion.
  - Fell by ¥119.6 billion due primarily to an increase in incurred losses.
- Net investment income was ¥36.5 billion. This was a drop of ¥47.3 billion year-on-year, due primarily to loss on valuation of subsidiaries' stocks (negative ¥37.2 billion), and a drop in dividend income.
- As a result of the above, ordinary profit totaled a negative ¥130.1 billion, falling ¥161.9 billion year-on-year.
- Extraordinary losses totaled ¥1.0 billion.
  - While gains/losses on sales of real estate fell year-on-year, reversal of price fluctuation reserve and the end of integration-related expenses saw extraordinary losses improve by ¥4.4 billion year-on-year.
- After incorporating a reduction in deferred tax assets resulting from the reduction in corporate tax rates, net income was a negative ¥130.6 billion, a drop of ¥153.4 billion year-on-year.

MSI (Non-consolidated) : Premiums and Loss Ratios by Product Line

Net premiums written

(¥bn)

	FY2010	FY2011	
			Growth
Fire	180.3	182.6	1.3%
Marine	54.3	53.0	-2.4%
Personal accident	133.1	139.3	4.7%
Voluntary auto	555.4	570.9	2.8%
CALI	135.3	146.1	8.0%
Other	171.9	177.1	3.0%
Total	1,230.5	1,269.2	3.1%
Excluding CALI	1,095.2	1,123.1	2.5%

Net loss ratio

	FY2010	FY2011	
			Change
Fire	40.2%	162.0%	121.8pt
Marine	50.7%	65.6%	14.9pt
Personal accident	61.9%	60.2%	-1.7pt
Voluntary auto	74.8%	73.3%	-1.5pt
CALI	107.7%	101.1%	-6.6pt
Other	56.9%	54.2%	-2.7pt
Total	68.4%	84.8%	16.4pt
Excluding CALI, residential earthquake	63.7%	75.6%	11.9pt

Incurred losses

(¥bn)

	FY2010	FY2011	
			Change
Incurred losses (excluding loss adjustment expenses)	806.6	1,122.0	315.3
Domestic natural disasters/Thai flooding	55.6	332.4	276.8
Other than natural disasters	751.0	789.5	38.4

- Incurred losses = Net claims paid + provision for ordinary reserves + provision for IBNR reserve
- Domestic natural disasters in FY2010 include incurred losses of ¥53.3 billion resulting from the Great East Japan Earthquake (including ¥10.1 billion of residential earthquake insurance).
- Domestic natural disasters/ Thai flooding in FY2011 include incurred losses of ¥65.2 billion resulting from the Great East Japan Earthquake (including ¥71.1 billion of residential earthquake insurance), and incurred losses of ¥234.2 billion resulting from flooding in Thailand.

＜Net premiums written＞

- Year-on-year increases were seen across most product lines due to the impact of rate revisions, etc.
  - ・Personal accident net premiums written increased 4.7% due to the impact of rate revisions (in October, 2010), and an increase in group policies, etc.
  - ・Voluntary automobile insurance net premiums written rose 2.8% with the impact of rate revisions (in October 2010 and October 2011).
  - ・Compulsory automobile liability insurance net premiums written rose 8.0% due to the impact of rate revisions (in April 2011).
  - ・“Other” also rose 3.0% with an increase in liability insurance net premiums written.

＜Net loss ratio＞

- Fire rose 121.8 percentage points, while marine rose 14.9 percentage points due primarily to an increase in claims related to the Great East Japan Earthquake, the floods in Thailand, and other natural disasters.
- Despite an increase in claims due to the Great East Japan Earthquake and other natural disasters, the net loss ratio for voluntary automobile insurance improved by 1.5 percentage points year-on-year due to the impact of an increase in net premiums written.

＜Incurred Loss＞

- Incurred loss increased by ¥315.3 billion due to the Great East Japan Earthquake, the floods in Thailand, other natural disasters, and an increase in other major incidents.

【Flooding in Thailand, Great East Japan Earthquake, other domestic natural disasters during the year】

(¥ bn)

	FY2010			FY2011		
	Net Claims Paid	Outstanding Claims	Total	Net Claims Paid	Outstanding Claims	Total
Fire	1.2	39.1	40.4	212.6	110.9	323.5
Marine	0.0	3.3	3.3	5.4	-3.2	2.2
Voluntary auto	0.5	2.2	2.8	5.4	-2.2	3.2
Other	0.1	8.8	8.9	6.0	-2.6	3.3
Total	1.9	53.6	55.6	229.5	102.8	332.4
(Of which, residential earthquake)	(0.0)	(10.1)	(10.1)	(81.3)	(-10.1)	(71.1)

MSI (Non-consolidated) : Company Expenses and Expense Ratios

Company expenses

(¥bn)

	FY2010	FY2011	
			Change
Underwriting company expenses	202.5	201.0	-1.5
Loss adjustment expenses	75.5	76.0	0.5
Others	10.3	9.4	-0.8
Total company expenses	288.4	286.6	-1.8

Personnel expenses	159.3	158.9	-0.3
Non-personnel expenses	115.6	114.0	-1.5
Taxes and contributions	13.5	13.5	0.0

Expense ratios

	FY2010	FY2011	
			Change
Net commission ratio	17.5%	17.4%	-0.1pt
Net company expense ratio	16.5%	15.8%	-0.7pt
Net expense ratio	33.9%	33.3%	-0.6pt
Net expense ratio (excluding CALI)	35.2%	34.9%	-0.3pt

- Total company expenses fell by ¥1.8 billion year-on-year, to ¥286.6 billion
- Personnel expenses dropped by ¥0.3 billion year-on-year.
  Non-personnel expenses fell by ¥1.5 billion year-on-year due to reductions in system-related expenses, etc.
- Net company expense ratio was 33.3%, an improvement of 0.6 percentage point year-on-year. (breakdown below)
  - Net commission ratio 17.4% (down 0.1 percentage point year-on-year)
  - Net corporate expense ratio 15.8% (down 0.7 percentage point year-on-year)
- Excluding CALI, the net expense ratio was 34.9%, an improvement of 0.1 percentage point year-on-year. (breakdown below)
  - Net commission ratio 18.8% (up 0.1 percentage point year-on-year)
  - Net company expense ratio 16.1% (down 0.4 percentage point year-on-year)

MSI (Non-consolidated) : Investment Performance

Net investment income

(¥bn)

	FY2010	FY2011	
			Change
Interest and dividends received	111.8	102.3	-9.4
Transfer of investment income on deposit premiums	-51.1	-47.4	3.7
Net interest and dividend income	60.6	54.9	-5.7
Gains/losses on sale of securities	38.3	19.3	-19.0
Losses on devaluation of securities	-7.5	-39.2	-31.6
Gains/losses on redemption of securities	-0.6	-0.2	0.4
Gains/losses on derivative transactions	8.7	5.2	-3.4
Others	-15.5	-3.5	12.0
Net investment income	83.9	36.5	-47.3

Sources of interest and dividends received

(¥bn)

	FY2010	FY2011	
			Change
Bonds	29.1	27.9	-1.1
Stocks	28.7	29.9	1.2
Foreign securities	25.8	19.4	-6.3
Other securities	3.7	2.1	-1.5
Loans	12.9	11.5	-1.3
Land and buildings	6.7	5.8	-0.8
Others	4.8	5.3	0.5
Total	111.8	102.3	-9.4

- Interest and dividends received fell by ¥9.4 billion year-on-year due to a drop in dividend income from foreign securities. Net interest and dividend income fell by ¥5.7 billion year-on-year.
- Gains on sales of securities fell by ¥19.0 billion year-on-year.
- Loss on devaluation of securities rose by ¥31.6 billion year-on-year (breakdown below) due to loss on valuation of subsidiaries' stocks, etc.

(¥ bn)

	FY2010	FY2011	
			Change
Bonds	0.4	0.8	0.4
Stocks	6.9	0.4	-6.5
Foreign securities	0.1	37.8	37.6
Other securities	0.0	0.0	0.0
Total	7.5	39.2	31.6

- Gains on derivative transactions decreased by ¥3.4 billion year-on-year.
- As a result of the above, net investment income totaled ¥36.5 billion, a decrease of ¥47.3 billion year-on-year.

【Ref.: Assets under management】

(¥ bn)

	FY2010	FY2011	
			Change
Deposits and savings, etc.	352.8	453.8	101.0
Securities	4,100.3	3,784.2	-316.1
Bonds	1,697.5	1,600.2	-97.3
Stocks	1,509.7	1,417.6	-92.0
Foreign securities	852.8	729.4	-123.4
Other securities	40.2	37.0	-3.2
Loans	687.2	624.3	-62.9
Land and buildings	209.3	234.0	24.7
Total	5,349.8	5,096.5	-253.3

ADI (Non-consolidated)

Key financial data

(¥bn)

	FY2010	FY2011	
			Change
Net premiums written	1,097.3	1,074.6	-22.7
Net premiums written, growth rate	-0.8%	-2.1%	-1.3pt
Net loss ratio	68.2%	79.7%	11.5pt
Net expense ratio	35.6%	35.1%	-0.5pt
Combined ratio	103.8%	114.8%	11.0pt
Incurred loss	735.4	804.3	68.9
Underwriting profit/loss	-33.3	-20.0	13.3
Net investment income	51.4	20.4	-31.0
Ordinary profit/loss	16.0	9.2	-6.8
Extraordinary income/loss	-35.0	5.4	40.5
Net income	-11.4	-43.5	-32.1

<Excluding CALI>

Net premiums written, growth rate	-1.0%	-3.1%	-2.1pt
Net loss ratio	63.8%	77.4%	13.6pt
Net expense ratio	36.5%	36.6%	0.1pt
Combined ratio	100.3%	114.0%	13.7pt

* Net loss is on a “written-to-paid” basis.

- Total net premiums written across all product lines decreased by ¥22.7 billion (2.1%) year-on-year, due mainly to a decrease in fire and voluntary automobile insurance.
- The net loss ratio rose by 11.5 points year on year due to an increase in net claims paid, including payments arising from the Great East Japan Earthquake.
- The net expense ratio fell by 0.5 points year-on-year, due to declines in commission and collection expenses, and selling and general administrative expenses related to underwriting.
- The combined ratio was 114.8%, an increase of 11.0 points year-on-year.
- Underwriting profits were a negative ¥20.0 billion. While incurred losses increased with typhoons, flooding in Thailand, and other natural disasters, a drop in incurred losses on voluntary automobile insurance and reduced corporate expenses brought an improvement of ¥13.3 billion year-on-year.
- Investment income was ¥20.4 billion. This was down ¥31.0 year-on-year, due to a worsening investment environment, lower interest and dividend income, and a drop in gains from sales of securities.
- As a result of the above, ordinary profit was ¥9.2 billion, a decrease of ¥6.8 billion year-on-year.
- Extraordinary income reached ¥5.4 billion stemming from a reversal of the price fluctuation reserve, an increase of ¥40.5 billion over the previous year, in which ¥30.4 billion in expenses related to management integration were recorded.
- Net income was a negative ¥43.5 billion, a drop of ¥32.1 billion year-on-year, as a result of a reversal of tax asset reserves with the lowering of the corporate tax rate, and an increase in the valuation allowance for deferred tax assets related to the loss on devaluation of securities and others.

ADI (Non-consolidated) : Premiums and Loss Ratios by Product Line

MS&AD INSURANCE GROUP

Net premiums written

(¥bn)

	FY2010	FY2011	
			Growth
Fire	137.9	119.7	-13.2%
Marine	8.6	8.6	0.6%
Personal accident	73.0	72.6	-0.6%
Voluntary auto	637.8	631.5	-1.0%
CALI	138.1	145.0	4.9%
Other	101.6	96.9	-4.6%
Total	1,097.3	1,074.6	-2.1%
Excluding CALI	959.1	929.6	-3.1%

Net loss ratio

	FY2010	FY2011	
			Change
Fire	40.6%	140.0%	99.4pt
Marine	55.6%	54.7%	-0.9pt
Personal accident	54.1%	52.5%	-1.6pt
Voluntary auto	69.0%	69.7%	0.7pt
CALI	98.5%	95.0%	-3.5pt
Other	70.7%	70.4%	-0.3pt
Total	68.2%	79.7%	11.5pt
Excluding CALI, residential earthquake	64.0%	70.5%	6.5pt

Incurred losses

(¥bn)

	FY2010	FY2011	
			Change
Incurred loss (excluding loss adjustment expenses)	735.4	804.3	68.9
Domestic natural disasters/Thai flooding	28.5	106.8	78.2
Other than natural disasters	706.8	697.5	-9.3

* Incurred loss = Net claims paid + provision for ordinary reserves + provision for IBNR reserve

- Domestic natural disasters in FY2010 include incurred losses of ¥27.5 billion resulting from the Great East Japan Earthquake (including ¥8 billion of residential earthquake insurance.).
- Domestic natural disasters/ Thai flooding in FY2011 include incurred losses of ¥54.7 billion resulting from the Great East Japan Earthquake (including ¥56.6 billion of residential earthquake insurance), and incurred losses of ¥30 billion resulting from flooding in Thailand.

＜Net premiums written＞

- Fire insurance net premiums written decreased by 13.2% year-on-year, as reinsurance ceded increased with the aim of reducing risk.
- Voluntary auto insurance net premiums written decreased by 1.0% year-on-year, primarily due to a decrease in reinsurance income.

＜Net loss ratio＞

- The net loss ratio across all lines was 79.7%, an increase of 11.5 points year-on-year, due to an increase in net claims paid, including payments arising from the Great East Japan Earthquake and typhoons.
- The net loss ratio excluding CALI and residential earthquake insurance was 70.5%, an increase of 6.5 points year-on-year.

＜Incurred Loss＞

- Incurred loss increased by ¥68.9 billion due to the Great East Japan Earthquake, the floods in Thailand, and other natural disasters.

【Flooding in Thailand, Great East Japan Earthquake, other domestic natural disasters during the year】

(¥ bn)

	FY2010			FY2011		
	Net Claims Paid	Outstanding Claims	Total	Net Claims Paid	Outstanding Claims	Total
Fire	0.2	24.8	25.1	104.2	-0.3	103.8
Marine	0.0	0.3	0.3	0.2	-0.3	-0.1
Voluntary auto	0.2	0.1	0.4	2.7	0.0	2.8
Others	0.2	2.4	2.6	1.8	-1.5	0.2
Total	0.7	27.8	28.5	109.1	-2.2	106.8
(Of which, residential earthquake)	(0.0)	(8.0)	(8.0)	(64.6)	(-8.0)	(56.6)

ADI (Non-consolidated) : Company Expenses and Expense Ratios

Company expenses

(¥bn)

	FY2010	FY2011	
			Change
Underwriting company expenses	195.5	188.6	-6.9
Loss adjustment expense	55.5	51.8	-3.7
Others	10.0	8.3	-1.7
Total company expenses	261.1	248.7	-12.3

	FY2010	FY2011	Change
Personnel expenses	134.4	127.8	-6.6
Non-personnel expenses	114.0	109.4	-4.6
Taxes and contributions	12.5	11.5	-1.0

Expense ratios

	FY2010	FY2011	
			Change
Net commission ratio	17.8%	17.6%	-0.2pt
Net company expense ratio	17.8%	17.6%	-0.2pt
Net expense ratio	35.6%	35.1%	-0.5pt
Net expense ratio (excluding CALI)	36.5%	36.6%	0.1pt

- Total company expenses declined by ¥12.3 billion year-on-year, to total ¥248.7 billion, because of reduced personnel and non-personnel expenses reflecting the effects of the merger, etc.
- The net expense ratio was down 0.5 point year on year, to 35.1%
  - Net commission ratio 17.6% (down 0.2 point year-on-year)
  - Net company expense ratio 17.6% (down 0.2 point year-on-year)
- Excluding CALI, the net expense ratio was 36.6%, an increase of 0.1 point year-on-year
  - Net commission ratio 19.1% (down 0.1 point year-on-year)
  - Net company expense ratio 17.5% (up 0.1 point year-on-year)

ADI (Non-consolidated) : Investment Performance

Net investment income

(¥bn)

	FY2010	FY2011	
			Change
Interest and dividends received	67.4	58.4	-8.9
Transfer of investment income on deposit premiums	-24.5	-22.2	2.3
Net interest and dividend income	42.8	36.2	-6.6
Gains/losses on sale of securities	33.6	13.8	-19.8
Losses on devaluation of securities	-13.3	-14.5	-1.2
Gains/losses on redemption of securities	-1.2	-1.6	-0.4
Gains/losses on derivative transactions	-0.5	-2.8	-2.3
Others	-10.0	-10.4	-0.4
Net investment income	51.4	20.4	-31.0

Breakdown of gross interest and dividends received

(¥bn)

	FY2010	FY2011	
			Change
Bonds	10.1	9.7	-0.3
Stocks	13.3	13.7	0.3
Foreign securities	26.6	20.9	-5.6
Other securities	3.9	2.4	-1.5
Loans	6.2	5.3	-0.9
Land and buildings	5.6	5.2	-0.4
Others	1.2	0.8	-0.3
Total	67.4	58.4	-8.9

- Interest and dividends received fell by ¥8.9 billion year on year due primarily to a decrease in interest and dividend income from foreign securities.
- Transfer of investment income on deposit premiums fell by ¥2.3 billion year-on-year, and as a result, net interest and dividend income decreased by ¥6.6 billion year-on-year, to ¥36.2 billion.
- Net gains on the sale of securities decreased by ¥19.8 billion year-on-year.
- Losses on devaluation of securities increased by ¥1.2 billion year-on-year, to ¥14.5 billion.

(¥ bn)

	FY2010	FY2011	
			Change
Bonds	0.0	―	-0.0
Stocks	13.3	13.0	-0.2
Foreign securities	―	1.2	1.2
Other securities	0.0	0.2	0.2
Total	13.3	14.5	1.2

- As a result, net investment income fell by ¥31.0 billion year-on-year, to ¥20.4 billion.

【Ref.: Assets under management】

(¥ bn)

	FY2010	FY2011	
			Change
Deposits and savings, etc.	251.5	147.9	-103.5
Securities	2,033.2	2,066.6	33.4
Bonds	650.9	746.8	95.9
Stocks	662.6	602.2	-60.3
Foreign securities	635.2	637.9	2.7
Other securities	84.5	79.5	-4.9
Loans	325.1	274.5	-50.6
Land and buildings	189.4	182.8	-6.6
Total	2,799.4	2,672.0	-127.3

Mitsui Direct General Insurance

Key financial data

(¥bn)

	FY2010	FY2011	
			Change
Net premiums written	33.1	34.3	1.2
Net premiums written, growth rate	2.1%	3.7%	1.6pt
Net loss ratio	76.6%	77.4%	0.8pt
Net expense ratio	21.9%	21.4%	-0.5pt
Combined ratio	98.5%	98.8%	0.3pt
Incurred losses	23.5	24.1	0.6
Underwriting profit/loss	0.1	0.2	0.1
Net Investment income	0.2	0.2	-0.0
Ordinary profit/loss	0.3	0.4	0.1
Extraordinary profit/loss	-0.0	-0.0	-0.0
Net income (our share)	0.2	0.3	0.1

* Net loss ratio is on a “written-to-paid” basis

Incurred losses

(¥bn)

	FY2010	FY2011	
			Change
Incurred losses (excluding loss adjustment expenses)	23.5	24.1	0.6
Natural disasters	0.0	0.2	0.1
Other than natural disasters	23.4	23.9	0.5

* Incurred loss = Net claims paid + increase in ordinary reserves + increase in IBNR reserve

- Net premiums written increased to ¥34.3 billion by 3.7% year-on-year, including the effects of rate revisions in July.
- Net loss ratio was 77.4%, an increase of 0.8 points year-on-year.
- The net expense ratio declined by 0.5 points year-on-year, to 21.4%.
- The combined ratio was 98.8%, an increase of 0.3 points year-on-year.
- Underwriting profit rose by ¥0.1 billion year-on-year, to ¥0.2 billion.
- Net income (equity interest) increased ¥0.1 billion year-on-year, to ¥0.3 billion.

MSI Aioi Life

MS&AD INSURANCE GROUP

Key financial data

(¥bn)

	FY2010[*1]	FY2011 [*2]	
			Change
Amount of new policies[*3]	2,843.1	3,277.0	15.3%
Amount of policies in force[*3]	16,432.9	18,062.4	9.9%
Annualized premiums of new policies[*3]	41.4	44.6	7.8%
Annualized premiums of policies in force[*3]	279.0	296.0	6.1%
Net income	-7.1	-11.3	-4.2

*1 For FY2010, a simple aggregate of Mitsui Sumitomo Kirameki Life and Aioi Life Insurance

*2 For FY2011, a simple aggregate of first half results for Mitsui Sumitomo Kirameki Life + first half results for Aioi Life Insurance + second half results for Mitsui Sumitomo Aioi Life

*3 Sum of personal insurance and personal annuity insurance

- Amount of new policies increased significantly, rising 15.3% year-on-year. Amount of policies in force also rose strongly, increasing 9.9% year-on-year.
- Annualized new policy premiums increased 7.8% year-on-year. Annualized premiums for policies in force rose 6.1% year-on-year.
- Net income was a negative ¥11.3 billion, a decrease of ¥4.2 billion year-on-year.(Note that excluding integration expenses and the impact of tax system revisions, net income was a negative ¥2.5 billion, up ¥1.5 billion year-on-year).

MSI Primary Life

Key financial data

(¥bn)

	FY2010	FY2011	
			Change
Amount of new policies	253.7	237.4	-6.4%
Amount of policies in force	3,083.0	3,122.5	1.3%
Premiums	243.7	234.7	-3.7%
Net income (our share)	9.3	5.9	-3.3

- The amount of new policies fell by 6.4% year-on-year, as growth in the number of new policies slowed.
- The amount of policies in force increased by 1.3% year-over-year.
- Premiums fell by 3.7% year-on-year, due to a sluggish market for individual annuities.
- Net income decreased by ¥3.3 billion, to ¥5.9 billion, due to an increase in costs (¥10.0 billion) resulting from additional payments into the catastrophe reserve to ensure minimum guarantee risk, and to an year-on-year increase in valuation losses on fixed annuities (¥5.5 billion).

*Our equity share of MS Primary Life increased to 100% on April 1, 2011.

Overseas subsidiaries

Net premiums written

(¥bn)

	FY2010	FY2011		
			Change	Change ratio
Overseas subsidiaries total	180.6	180.7	0.1	0.1%
Asia	77.5	86.4	8.8	11.4%
Europe	54.6	47.9	-6.6	-12.2%
Americas	29.5	29.4	-0.0	-0.2%
Reinsurance	18.8	16.8	-1.9	-10.5%

Net income

(¥bn)

	FY2010	FY2011	
			Change
Overseas subsidiaries total	4.5	-6.7	-11.2
Asia	8.4	10.8	2.4
Europe	-12.5	-12.8	-0.2
Americas	2.1	1.5	-0.5
Reinsurance	6.5	-6.3	-12.9

- Net premiums written by overseas subsidiaries were nearly level with the previous year, due to a ¥9.2 billion decline caused by appreciation of the yen, but on a local currency basis increased by 5.2%.
  - By region, Asia saw an 11.4% increase due to solid business growth.(An increase of 16.0% on a local currency basis)
  - In Europe, difficult market conditions, along with stricter underwriting controls aimed at improving profitability, brought a 12.2% decrease in net premiums written (a decrease of 7.6% on a local currency basis).
- Net income of overseas subsidiaries reflected a loss of ¥6.7 billion
  - Asia continued to be strong on the insurance underwriting side, and with profits from new investment in the life insurance business, saw net income increase by ¥2.4 billion.
  - Europe showed a net loss of ¥12.8 billion due to the impact of major claim incidents.
  - In reinsurance, the net loss was ¥6.3 billion, due to claims paid for natural disasters (Flooding in Thailand: ¥7.1 billion; Earthquake in New Zealand: ¥6.3 billion).

Projected Financial Results for FY2012

MS&AD Insurance Group Holdings, Inc.

MSI (Non-consolidated)

Key financial data

(¥bn)

	FY2011	FY2012 (Forecast)	
			Change
Net premiums written	1,269.2	1,290.0	20.7
Net premiums written, growth rate	3.1%	1.6%	-1.5pt
Net loss ratio	84.8%	77.9%	-6.9pt
Net expense ratio	33.3%	33.0%	-0.3pt
Combined ratio	118.1%	110.9%	-7.2pt
Incurred losses	1,122.0	794.3	-327.7
Underwriting profit/loss	-170.0	5.0	175.0
Net investment income	36.5	73.4	36.8
Ordinary profit/loss	-130.1	70.0	200.1
Extraordinary income/loss	-1.0	-3.0	-2.0
Net income	-130.6	47.0	177.6

<Excluding CALI*>

Net premiums written, growth rate	2.5%	1.0%	-1.5pt
Net loss ratio	82.7%	75.4%	-7.3pt
Net expense ratio	34.9%	34.9%	—
Combined ratio	117.6%	110.3%	-7.3pt

* Net loss ratio is on a “written-to-paid” basis.
* CALI: Compulsory Automobile Liability Insurance

- Net premiums written are forecast to increase by ¥20.7 billion, or 1.6% year-on-year, to ¥1,290.0 billion.
- The net loss ratio is forecast to drop by 6.9 percentage points year-on-year, improving to 77.9%, or 75.4% excluding CALI.
- The net expense ratio is expected to improve by 0.3 percentage point year-on-year, to 33.0%, or 34.9% excluding CALI.
- The combined ratio will drop by 7.2 percentage points year-on-year, to 110.9%, or by 7.3 percentage points to 110.3% excluding CALI.
- Underwriting income is expected to recover significantly from the previous year, which was affected by flooding in Thailand, rising ¥175.0 billion year-on-year to net income of ¥5.0 billion.
- Net investment income should rise by ¥36.8 billion year-on-year, to ¥73.4 billion.
- With improvements to underwriting and investment income, ordinary profit is projected to increase by ¥200.1 billion year-on-year, to ¥70.0 billion.
- With provisions for price fluctuation reserves, extraordinary losses are expected to increase by ¥2.0 billion year-on-year, to ¥3.0 billion.
- Net income is forecast to increase by ¥177.6 billion year-on-year, to ¥47.0 billion.

MSI (Non-consolidated) : Premiums and Loss Ratios by Product Line

Net premiums written

(¥bn)

	FY2011	FY2012 (Forecast)	
			Growth
Fire	182.6	175.0	-4.2%
Marine	53.0	54.4	2.6%
Personal accident	139.3	140.6	0.9%
Voluntary auto	570.9	585.5	2.5%
CALI	146.1	155.5	6.4%
Other	177.1	179.0	1.1%
Total	1,269.2	1,290.0	1.6%
Excluding CALI	1,123.1	1,134.5	1.0%

Net loss ratio

	FY2011	FY2012 (Forecast)	
			Change
Fire	162.0%	128.2%	-33.8pt
Marine	65.6%	54.3%	-11.3pt
Personal accident	60.2%	59.5%	-0.7pt
Voluntary auto	73.3%	71.2%	-2.1pt
CALI	101.1%	96.1%	-5.0pt
Other	54.2%	56.1%	1.9pt
Total	84.8%	77.9%	-6.9pt
Excluding CALI, residential earthquake	75.6%	75.5%	-0.1pt

Incurred losses

(¥bn)

	FY2011	FY2012 (Forecast)	
			Change
Incurred losses (excluding loss adjustment expenses)	1,122.0	794.3	-327.7
Domestic natural disasters/Thai flooding	332.4	25.0	-307.4
Other than natural disasters	789.5	769.3	-20.3

- Incurred losses = Net claims paid + provision for ordinary reserves + provision for IBNR reserve
- Domestic natural disasters/Thai flooding in FY2011 includes incurred losses of ¥65.2 billion resulting from the Great East Japan Earthquake (including ¥71.1 billion of residential earthquake insurance) and incurred losses of ¥234.2 billion resulting from flooding in Thailand.

- Net premiums written are expected to increase with the effects of rate revisions in the previous period for voluntary automobile insurance and CALI. The impact of an increase in reinsurance ratios, etc. is expected to reduce net premiums written in fire insurance.
- Excluding CALI and residential earthquake insurance, the net loss ratio is expected to remain nearly flat year-on-year, at 75.5%.
- Net loss ratio excluding natural disasters (including the Great East Japan Earthquake, flooding in Thailand) is projected to be as follows:

Fire:	46.3% (up 0.7 percentage point year-on-year)
Marine:	54.2% (down 1.1 percentage points year-on-year
Personal accident:	59.5% (down 0.3 percentage point year-on-year)
Voluntary auto:	70.6% (down 1.7 percentage points year-on-year)
CALI:	96.1% (down 5.0 percentage points year-on-year)
Other:	52.9% (up 1.8 percentage points year-on-year)
Total:	66.0% (down 0.8 percentage point year-on-year)

- Losses of ¥25.0 from domestic natural disasters in the current fiscal year will be incorporated.
  Fire: ¥20.5 billion; Voluntary auto: ¥3.5 billion; Others: ¥1.0 billion
- Incurred losses other than natural disasters are expected to improve by ¥20.3 billion year-on-year, to ¥769.3 billion.

MSI (Non-consolidated) : Company Expenses and Expense Ratios

Company expenses

(¥bn)

	FY2011	FY2012 (Forecast)	
			Change
Underwriting company expenses	201.0	202.3	1.2
Loss adjustment expenses	76.0	76.8	0.7
Others	9.4	9.5	0.0
Total company expenses	286.6	288.6	2.0

Personnel expenses	158.9	158.1	-0.9
Non-personnel expenses	114.0	118.0	3.9
Taxes and contributions	13.5	12.6	-1.0

Expense ratios

(¥bn)

	FY2011	FY2012 (Forecast)	
			Change
Net commission ratio	17.4%	17.4%	—
Net company expense ratio	15.8%	15.7%	-0.1pt
Net expense ratio	33.3%	33.0%	-0.3pt
Net expense ratio (excluding CALI)	34.9%	34.9%	—

- Total company expenses are projected to increase by ¥2.0 billion year-on-year, to ¥288.6 billion.
- The net expense ratio is expected to improve by 0.3 percentage point year-on-year, to 33.0%. (breakdown below)
  - Net commission ratio: 17.4% (unchanged)
  - Net company expense ratio: 15.7% (down 0.1 percentage point year-on-year)
- Excluding CALI, the next expense ratio is expected to be flat year-on-year, at 34.9%. (breakdown below)
  - Net commission ratio: 18.8% (unchanged)
  - Net company expense ratio: 16.0% (down 0.1 percentage point year-on-year)

MSI (Non-consolidated) : Investment Performance

Net investment income

(¥bn)

	FY2011	FY2012 (Forecast)	
			Change
Interest and dividends received	102.3	90.8	-11.6
Transfer of investment income on deposit premiums	-47.4	-43.1	4.4
Net interest and dividend income	54.9	47.7	-7.2
Gains/losses on sale of securities	19.3	33.4	14.0
Losses on devaluation of securities	-39.2	-3.3	35.9
Gains/losses on redemption of securities	-0.2	-0.4	-0.2
Gains/losses on derivative transactions	5.2	6.2	0.9
Others	-3.5	-10.2	-6.7
Net investment income	36.5	73.4	36.8

Sources of interest and dividends received

(¥bn)

	FY2011	FY2012 (Forecast)	
			Change
Bonds	27.9	26.6	-1.4
Stocks	29.9	29.1	-0.9
Foreign securities	19.4	13.8	-5.7
Other securities	2.1	2.0	-0.1
Loans	11.5	9.8	-1.7
Land and buildings	5.8	5.0	-0.9
Others	5.3	4.5	-0.8
Total	102.3	90.8	-11.6

- Interest and dividends received are expected to fall by ¥11.6 billion year-on-year, to ¥90.8 billion, with a drop in investment balances and lower yields.
- Net interest and dividend income is forecast to be ¥47.7 billion, down ¥7.2 billion year-on-year.
- Gains on sales of securities are forecast to increase ¥14.0 billion year-on-year, to ¥33.4 billion, on the sale of stocks.
- Losses on devaluation of securities are expected to improve by ¥35.9 billion year-on-year.
- Gains on derivative transactions are forecast to increase by ¥0.9 billion year-on-year, to ¥6.2 billion.

ADI (Non-consolidated)

Key financial data

(¥bn)

	FY2011	FY2012 (Forecast)	
			Change
Net premiums written	1,074.6	1,110.0	35.3
Net premiums written, growth rate	-2.1%	3.3%	5.4pt
Net loss ratio	79.7%	70.6%	-9.1pt
Net expense ratio	35.1%	34.2%	-0.9pt
Combined ratio	114.8%	104.8%	-10.0pt
Incurred losses	804.3	694.1	-110.2
Underwriting profit/loss	-20.0	13.0	33.0
Net investment income	20.4	21.5	1.1
Ordinary profit/loss	9.2	36.0	26.8
Extraordinary income/loss	5.4	4.7	-0.7
Net income	-43.5	29.0	72.5

<Excluding CALI>

Net premiums written, growth rate	-3.1%	2.8%	5.9pt
Net loss ratio	77.4%	67.4%	-10.0pt
Net expense ratio	36.6%	35.9%	-0.7pt
Combined ratio	114.0%	103.3%	-10.7pt

- Net premiums written are forecast to increase by ¥35.3 billion, or 3.3% year-on-year, to ¥1,110.0 billion.
- The net loss ratio is forecast to drop by 9.1 points year-on-year to 70.6%, or 67.4% excluding CALI.
- The net expense ratio is expected to fall by 0.9 points year-on-year to 34.2%, or 35.9% excluding CALI.
- The combined ratio is expected to fall by 10.0 points year-on-year to 104.8%, or by 10.7 points to 103.3% excluding CALI.
- Underwriting profit, affected last year by the flooding in Thailand, is expected to increase by ¥33.0 billion year-on-year, to ¥13.0 billion, due primarily to a reduction in incurred losses.
- While interest and dividend income will fall, an increase in capital gains is forecast, and net investment income is expected to increase by ¥1.1 billion year-on-year, to ¥21.5 billion.
- As a result of the above, ordinary profit is expected to be ¥36.0 billion, an increase of ¥26.8 billion year-on-year.
- Extraordinary income will be ¥4.7 billion, a decline of ¥0.7 billion year-on-year.
- In addition to the above, net income is expected to increase significantly compared to the previous year, in which a reversal of deferred tax assets was posted, rising by ¥72.5 billion year-on-year to ¥29.0 billion.

ADI (Non-consolidated) :Premiums and Loss Ratios by Product Line

Net premiums written

(¥bn)

	FY2011	FY2012 (Forecast)	
			Growth
Fire	119.7	123.5	3.1%
Marine	8.6	10.2	17.2%
Personal accident	72.6	73.9	1.8%
Voluntary Auto	631.5	647.9	2.6%
CALI	145.0	154.3	6.4%
Other	96.9	100.2	3.3%
Total	1,074.6	1,110.0	3.3%
Excluding CALI	929.6	955.7	2.8%

Net loss ratio

	FY2011	FY2012 (Forecast)	
			Change
Fire	140.0%	80.0%	-60.0pt
Marine	54.7%	50.0%	-4.7pt
Personal accident	52.5%	53.0%	0.5pt
Voluntary auto	69.7%	66.7%	-3.0pt
CALI	95.0%	90.7%	-4.3pt
Other	70.4%	68.4%	-2.0pt
Total	79.7%	70.6%	-9.1pt
Excluding CALI, residential earthquake	70.5%	67.4%	-3.1pt

Incurred losses

(¥bn)

	FY2011	FY2012 (Forecast)	
			Change
Incurred losses (excluding loss adjustment expenses)	804.3	694.1	-110.2
Domestic natural disasters/Thai flooding	106.8	20.0	-86.8
Other than natural disasters	697.5	674.1	-23.4

* Incurred loss = Net claims paid + provision for ordinary reserves + provision for IBNR reserve
Domestic natural disasters/Thai flooding in FY2011 includes incurred losses of ¥54.7 billion resulting from the Great East Japan Earthquake (including ¥56.6 billion of residential earthquake insurance) and incurred losses of ¥30.0 billion resulting from flooding in Thailand.

- Net premiums written are forecast to increase by 3.3%, with an increase in domestic direct premiums written, primarily in the Toyota and Nissay markets.
- Compared to the previous year, with its loss payments for the Great East Japan Earthquake, the net loss ratio is expected to drop by 9.1 points year-on-year, to 70.6%, despite progress in payments for flooding in Thailand.
- Excluding natural disasters, net loss ratios are projected as follows:

Fire: 49.3% (down 3.7 percentage points year-on-year)
Marine: 50.0% (down 2.2 percentage points year-on-year)
Personal accident: 53.0% (up 0.9 percentage point year-on-year)
Voluntary auto: 65.9% (down 3.4 percentage points year-on-year)
CALI: 90.7% (down 4.3 percentage points year-on-year)
Other: 67.9% (down 0.8 percentage point year-on-year)
Total 66.7% (down 2.9 percentage points year-on-year)

- Incurred losses of ¥20.0 billion for natural disasters in the current fiscal year will be factored in.
  Fire: ¥15.0 billion; Voluntary auto: ¥5.0 billion
- Incurred losses other than those arising from natural disasters are forecast to decrease by ¥23.4 billion year-on-year.

ADI (Non-consolidated) :Company Expenses and Expense Ratios

MS&AD INSURANCE GROUP

Company expenses

(¥bn)

	FY2011	FY2012 (Forecast)	
			Change
Underwriting company expenses	188.6	184.3	-4.3
Loss adjustment expense	51.8	53.4	1.5
Others	8.3	8.3	-0.0
Total company expenses	248.7	246.0	-2.7
Personnel expenses	127.8	124.7	-3.1
Non-personnel expenses	109.4	110.0	0.6
Taxes and contributions	11.5	11.3	-0.2

Expense ratios

	FY2011	FY2012 (Forecast)	
			Change
Net commission ratio	17.6%	17.6%	-
Net company expense ratio	17.6%	16.6%	-1.0pt
Net expense ratio	35.1%	34.2%	-0.9pt
Net expense ratio (excluding CALI)	36.6%	35.9%	-0.7pt

- Total company expenses are forecast to decrease by ¥2.7 billion year-on-year, to ¥246.0 billion.
- Net expense ratio is expected to decline by 0.9 point year-on-year, to 34.2%
  - Net commission ratio: 17.6% (unchanged)
  - Net company expense ratio: 16.6% (down 1.0 percentage point year-on-year)
- Net expense ratio excluding CALI is projected to fall by 0.7 point year-on-year, to 35.9%
  - Net commission ratio: 19.3% (up 0.2 percentage point year-on-year)
  - Net company expense ratio: 16.6% (down 0.9 percentage point year-on-year)

ADI (Non-consolidated) :Investment Performance

Net investment income

(¥bn)

	FY2011	FY2012 (Forecast)	
			Change
Interest and dividends received	58.4	51.1	-7.3
Transfer of investment income on deposit premiums	-22.2	-20.5	1.7
Net interest and dividends income	36.2	30.6	-5.6
Gains/losses on sale of securities	13.8	11.1	-2.7
Losses on devaluation of securities	-14.5	-2.0	12.5
Gains/losses on redemption of securities	-1.6	-7.6	-5.9
Gains/losses on derivative transactions	-2.8	-3.4	-0.5
Others	-10.4	-7.2	3.2
Net investment income	20.4	21.5	1.0

Sources of interest and dividends received

(¥bn)

	FY2011	FY2012(Forecast)	
			Change
Bonds	9.7	9.0	-0.7
Stocks	13.7	12.9	-0.8
Foreign securities	20.9	19.4	-1.5
Other securities	2.4	1.0	-1.4
Loans	5.3	4.1	-1.2
Land and buildings	5.2	4.6	-0.6
Others	0.8	0.1	-0.7
Total	58.4	51.1	-7.3

- Interest and dividends received is projected to decrease by ¥7.3 billion year-on-year, to ¥51.1 billion.
- Net interest and dividends income is projected to decrease by ¥5.6 billion year-on-year, to ¥30.6 billion.
- Gains on sale of securities are projected to fall by ¥2.7 billion year-on-year, to ¥11.1 billion.
- Loss on devaluation of securities are projected to decrease by ¥12.5 billion year-on-year.

Mitsui Direct General Insurance

Key financial data

(¥bn)

	FY2011	FY2012 (Forecast)	
			Change
Net premiums written	34.3	35.0	0.7
Net premiums written, growth rate	3.7%	2.0%	-1.7pt
Ordinary profit	0.4	0.4	-0.0
Net income (our share)	0.3	0.3	-0.0

- Net premiums written are forecast to increase ¥0.7 billion, 2.0% year-on-year.
- Ordinary profit is expected to remain flat year-on-year, at ¥0.4 billion.
- Net income (equity share) is projected to remain flat year-on-year, at ¥0.3 billion.

MSI Aioi Life

MS&AD INSURANCE GROUP

Key financial data

(¥bn)

	FY2011[*1]	FY2012 (Forecast)	
			Change
Amount of new policies[*2]	3,277.0	3,570.0	9.0%
Amount of policies in force[*2]	18,062.4	19,710.0	9.1%
Annualized premiums of new policies[*2]	44.6	48.2	7.9%
Annualized premiums of policies in force[*2]	296.0	316.2	6.8%
Net income	-11.3	1.0	12.3

*1 For FY2011, a simple aggregate of the first half for Mitsui Sumitomo Kirameki Life, the first half for Aioi Life Insurance, and the second half for Mitsui Sumitomo Aioi Life.

*2 Total of personal insurance and personal annuity insurance

- The amount of new policies is forecast to increase by 9.0% year-on-year, to ¥3,570.0 billion, due to enhanced sales of guaranteed income insurance, etc. Annualized new policy premiums are expected to rise 7.9% year-on-year, to ¥48.2 billion, on enhanced medical insurance sales.
- The amount of policies in force is forecast to rise by 9.1% year-on-year, while annualized premiums for policies in force are expected to increase by 6.8% year-on-year.
- Net income is expected to be ¥1.0 billion, increased by ¥12.3 billion year-on-year with the elimination of merger-related expenses and the impact of tax system revisions.

MSI Primary Life

Key financial data

(¥bn)

	FY2011	FY2012 (Forecast)	
			% increase year-on-year/ variance
Amount of new policies	237.4	294.5	24.0%
Amount of policies in force	3,122.5	3,214.1	2.9%
Premiums	234.7	300.0	27.8%
Net income	5.9	5.9	-0.0

- Amount of new policies is forecast to increase by 24.0% year-on-year, to ¥294.5 billion.
- Amount of policies in force is expected to increase by 2.9% year-on-year, to ¥3,214.1 billion.
- Premiums are forecast to increase by 27.8% year-on-year, to ¥300.0 billion.
- Net income is expected to be ¥5.9 billion, after ¥10.0 billion is added to the catastrophe reserve.

Overseas subsidiaries

Net premiums written

(¥bn)

	FY2011	FY2012 (Forecast)		
			Change	Change ratio
Overseas subsidiaries total	180.7	194.2	13.4	7.4%
Asia	86.4	95.9	9.5	11.0%
Europe	47.9	52.3	4.3	9.0%
Americas	29.4	30.8	1.3	4.3%
Reinsurance	16.8	15.3	-1.6	-9.7%

Net income

(¥bn)

	FY2011	FY2012 Forecast	
			Change
Overseas subsidiaries total	-6.7	20.4	27.1
Asia	10.8	15.6	4.7
Europe	-12.8	-2.3	10.5
Americas	1.5	2.0	0.4
Reinsurance	-6.3	5.1	11.4

- Net premiums written at overseas subsidiaries are forecast to be up ¥13.4 billion, or 7.4% year-on-year, to ¥194.2 billion, primarily due to continued growth in Asia.
- In the absence of major claim incidents and the impact of natural disasters, and with contributions to profits from growth in Asia, net income at overseas subsidiaries is forecast to increase by ¥27.1 billion year-on-year, to ¥20.4 billion.

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